

PHILIPS

sense **and** simplicity

Royal Philips Electronics

Fourth Quarter and Annual Results 2010

Information booklet

January 24th, 2011

Important information

Forward-looking statements

This document and the related oral presentation, including responses to questions following the presentation contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items, in particular the sections "Looking ahead" and "Outlook". Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future EBITA and future developments in our organic business. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements.

These factors include but are not limited to domestic and global economic and business conditions, the successful implementation of our strategy and our ability to realize the benefits of this strategy, our ability to develop and market new products, changes in legislation, legal claims, changes in exchange and interest rates, changes in tax rates, pension costs and actuarial assumptions, raw materials and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where Philips operates, industry consolidation and competition. As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see the Risk management chapter included in our Annual Report 2009 and the "Risk and uncertainties" section in our semi-annual financial report for the six months ended July 4, 2010.

Third-party market share data

Statements regarding market share, including those regarding Philips' competitive position, contained in this document are based on outside sources such as research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

Use of non-GAAP Information

In presenting and discussing the Philips Group's financial position, operating results and cash flows, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. A reconciliation of such measures to the most directly comparable IFRS measures is contained in this document. Further information on non-GAAP measures can be found in our Annual Report 2009.

Use of fair-value measurements

In presenting the Philips Group's financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When quoted prices do not exist, we estimated the fair values using appropriate valuation models, and when observable market data are not available, we used unobservable inputs. They require management to make significant assumptions with respect to future developments, which are inherently uncertain and may therefore deviate from actual developments. Critical assumptions used are disclosed in our 2009 financial statements. Independent valuations may have been obtained to support management's determination of fair values.

All amounts in millions of euro's unless otherwise stated; data included are unaudited. Financial reporting is in accordance with IFRS, unless otherwise stated. This document comprises regulated information within the meaning of the Dutch Financial Markets Supervision Act 'Wet op het Financieel Toezicht'.

1. Philips Introduction

2. Vision 2015: Strategy and Investment Proposition

3. Group results Q4 2010 and annual results 2010

4. Healthcare, Consumer Lifestyle and Lighting

A blue-chip company leading in health and well-being

Founded in 1891

Headquartered in Amsterdam, the Netherlands

Sales over EUR 25.4 billion in 2010 (USD 33.8 billion)

Emerging Markets

33% of sales generated in Emerging Markets

Globally recognized brand (world top 50)

Our brand value doubled to \$8.7bn since 2004

119,000 employees

Sales and service outlets in over 100 countries

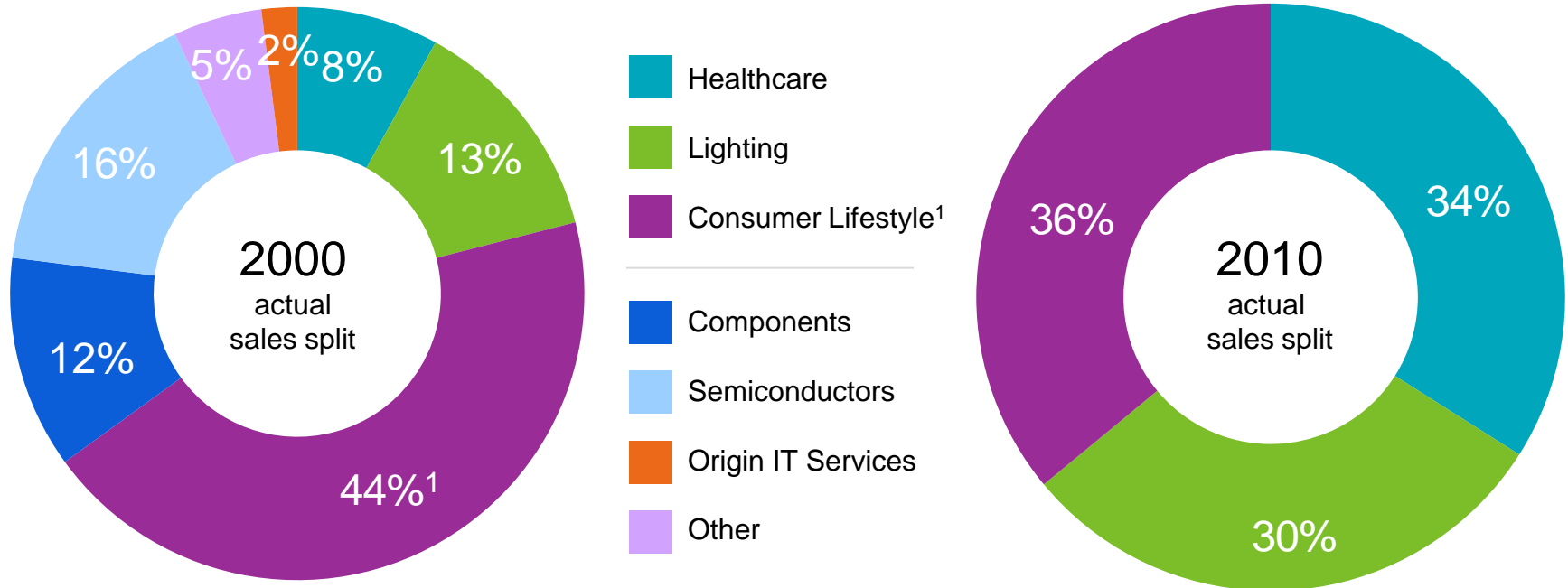
€1.6 billion investment in R&D, 6% of sales

50,000 patent rights – 36,000 registered trademarks –
63,000 design rights



Building a leading company in health and well-being

Over the past decade we have fundamentally simplified our business portfolio, investing proceeds from disposals in our Healthcare, Consumer Lifestyle and Lighting businesses



¹ Consumer Lifestyle in 2000 includes the former DAP and Consumer Electronics divisions

Well positioned through focus on health & well-being

Synergies across the portfolio

Our mission

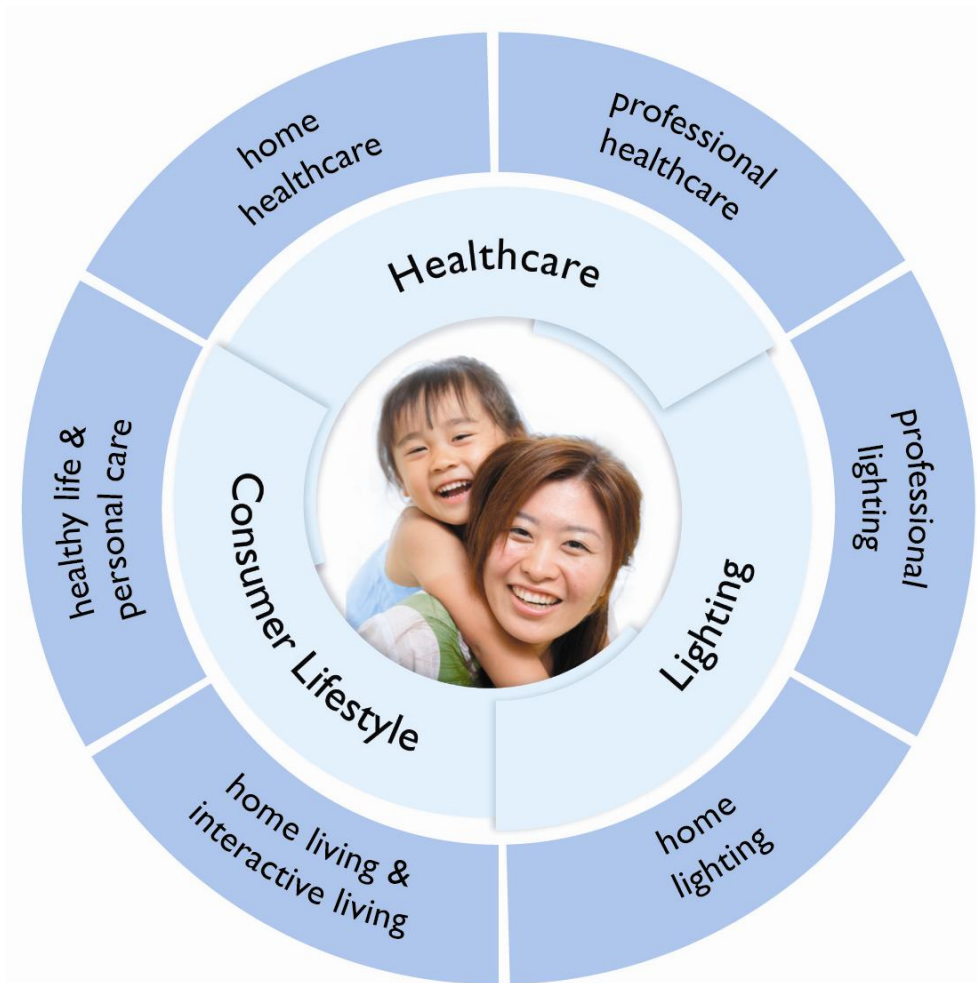
Improving people's lives

Our promise

"Sense and simplicity"

Our group strengths

- Common, end-user driven innovation process
- Strong global brand
- Channel access and global presence
- Engaged workforce
- Ability to attract the best talent
- Technology, know-how and strong IP positions
- Economies of scale e.g. Shared service centers, financing



Our competitive difference will make us win

Innovation process

We follow a rigorous process to create meaningful innovations

Driving customer loyalty

We build customer loyalty to promote growth and profitability

Creating brand value

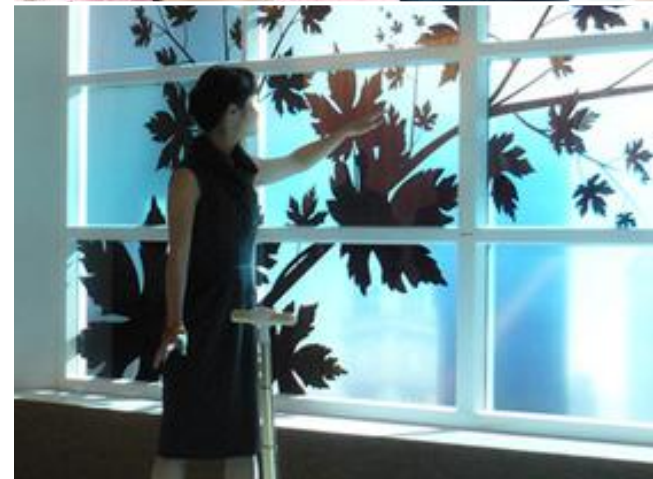
Driven by our brand promise “sense and simplicity”

Philips people

We develop highly engaged “Philips people”

Emerging markets

We keep on expanding our global footprint



Close customer relationships

Creating promoters of our brand

Customer loyalty

Is fundamental to growth and profitability.

We win the trust of customers and partners

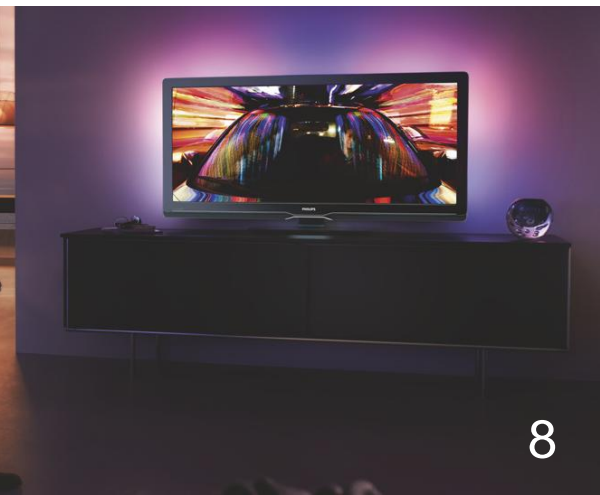
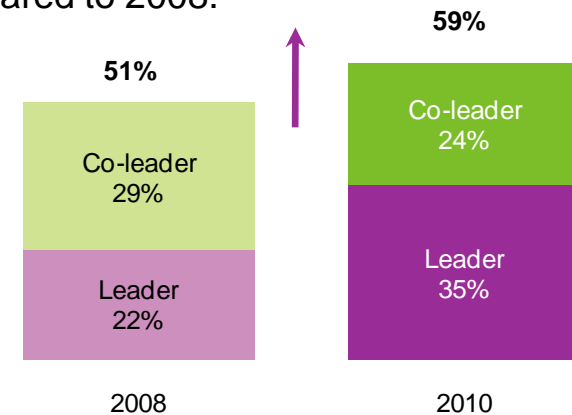
- By understanding and anticipating their needs
- By sharing our insights
- By providing the right products and solutions

We monitor our effectiveness

With the Net Promoter Score based on a simple question:
“Would you recommend us to a friend or colleague?”

Close customer relationships in 2010

Strengthened our relationships and increased Net Promoter Score leadership positions to 59% compared to 2008.

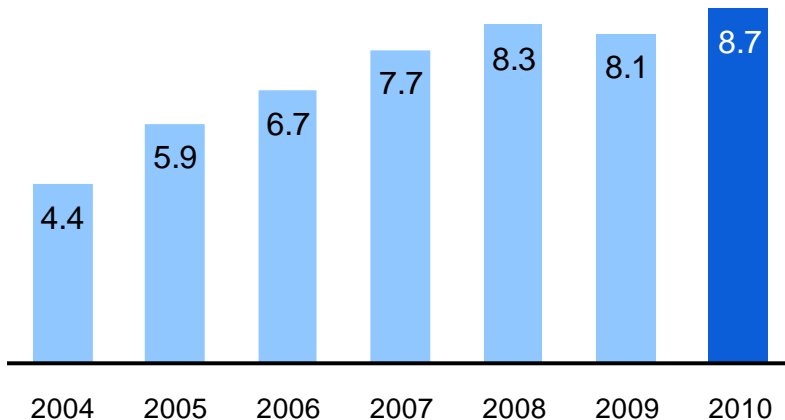


The world's 42nd most valuable brand in 2010

Brand value doubled since 2004

Value of the Philips brand¹

USD billions



A strong brand drives sales

A significant amount of sales is attributable to the brand alone:

- Healthcare 29%
- Consumer Lifestyle 24%
- Lighting 21%

High brand value¹ growth

With a 7% brand value increase in 2010, Philips outpaced the average increase of 4% shown by other brands


Strong internal brand

82% of employees are “proud to work for Philips”

Brand campaign 2010


Developing thought leadership in health and well-being and making our trusted brand promise of ‘sense and simplicity’ meaningful in this area

*because children love learning, but hate paying attention.




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*because when it comes to matters of the heart, men and women differ.



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*because the problem with exercise is a lack of time, not energy.



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sense and simplicity

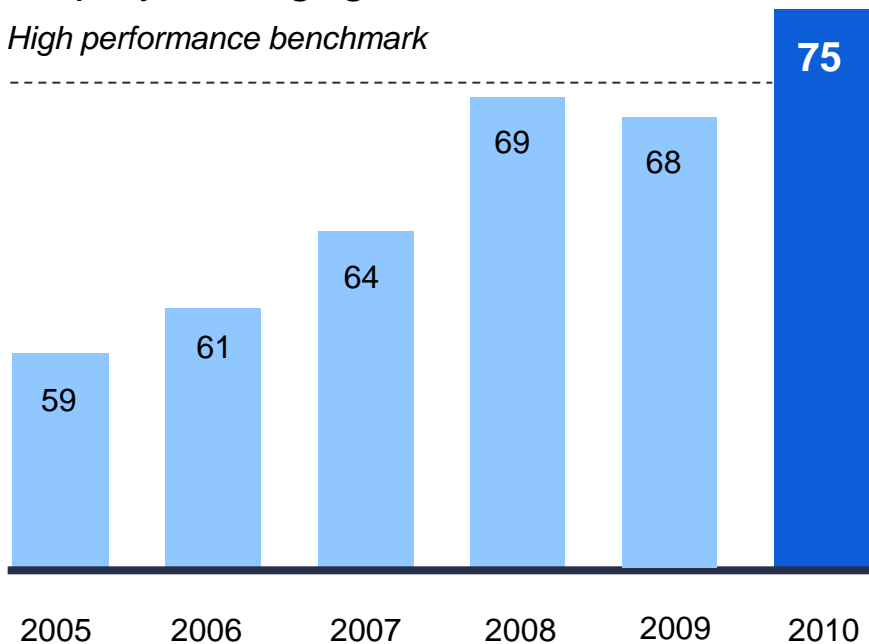
¹ Source: Interbrand Brand Valuation 2010

Philips people

Employee engagement crosses high performance benchmark

Employee Engagement Index

High performance benchmark



A strong leadership team

60 culturally diverse top leaders focus on driving our global businesses to reach their short and long term goals.

A high performance workforce

The 2010 'employee engagement index' polling over 90,000 of the Philips workforce showed we are amongst the world's top-ranking companies.

Living the values

Philips has four simple values which 'live' within the company and drive the actions of our people.

An eye on the leaders of tomorrow

We structurally manage our talent, offering fast-track, stretch opportunities for top performers to ensure a quality succession pipeline for our leadership team.

A strong position in emerging markets

Represents a significant and growing part of our global footprint



Emerging markets represent 33% of sales

Vision 2015 target of at least 40% by 2015

High corporate brand equity¹

Consistently among the top-ranking players:
India: top 10%, China: top 10%,
Russia: top 40%, Brazil: top 10%

Championing growth with dedicated strategies

Based on local market insights, supported by increased marketing investments.

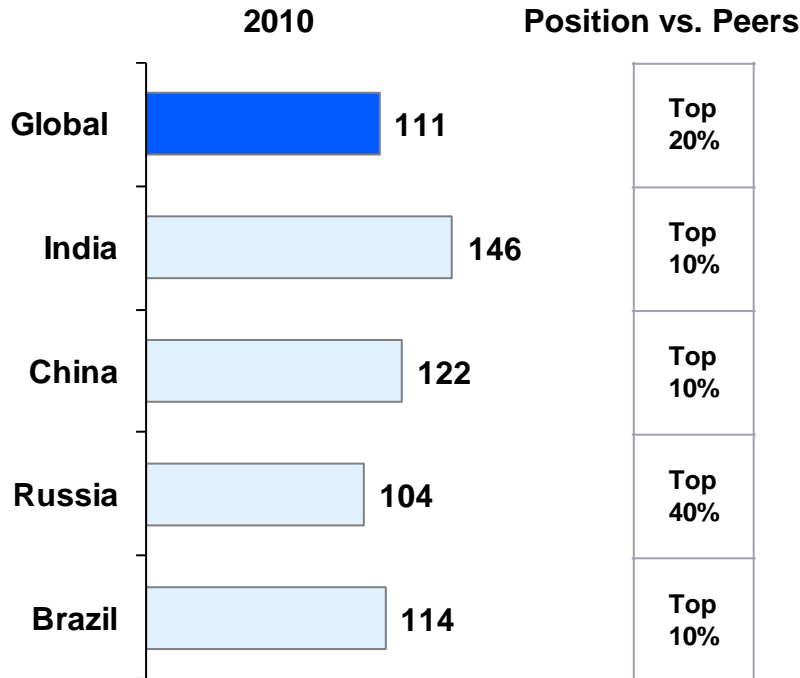
Increasing our footprint

- Sales supported by an increase in branded lighting shops in EM's to over 200 in China alone
- Construction of healthcare R&D facility for Cardiovascular X-ray equipment India

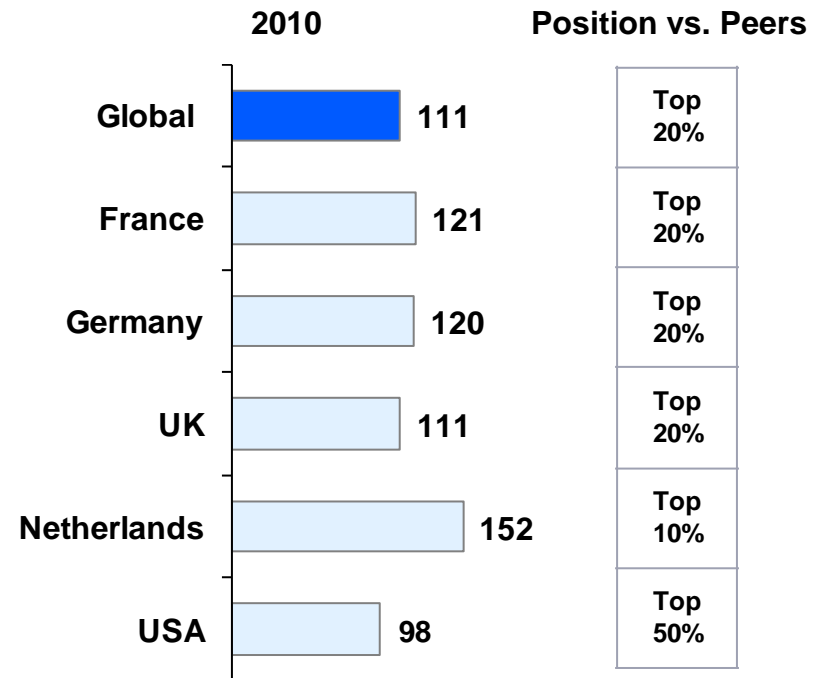
Emerging markets B2C

Continued strong brand equity in Emerging Markets means we are well-positioned for growth

**Corporate brand equity index, 2010
BRIC Markets**



**Corporate brand equity index, 2010
Mature Markets**



Sustainability as a driver for growth



asimpleswitch.com



Success of EcoVision4

Our Green Product sales represented around 30% of sales in 2009, 3 years ahead of our 2012 target. And we will complete our 2012 goal of cumulative EUR 1 billion of Green Investment in 2010.

Launch of our EcoVision5 program

A clear example of how we continue to drive business growth through Sustainability is the launch of our EcoVision5 program in 2010.

Targets for the period 2010 – 2015

- To bring care to 500 million people
- To improve the energy efficiency of our overall portfolio by 50%
- To double the amount of recycled materials in our products as well as to double the collection and recycling of Philips products

1. Philips Introduction

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Portfolio leverages critical global trends

Fundamental growth trends

Global trends



Population growth, aging, higher healthcare aspirations and lifestyle related diseases mean that *healthcare costs will become unsustainable*



Increased welfare and changing lifestyles will drive *consumer focus on health and well-being*



The fundamental need to reduce our eco-footprint drives demand for *energy efficiency and sustainability*



The lighting industry will face a massive shift from conventional to *digital, dynamic lighting* and the entry of new, non-traditional players



The relative importance of *emerging markets* in the world economy continues to rise



Our opportunities

- Efficient health diagnostics and treatment
- Home healthcare
- Healthy lifestyle and preventive health
- Personal well-being
- Light for health and well-being
- Energy efficient lighting
- Emerging markets
- Sustainability





We met Vision 2010 EBITA margin targets

Despite significantly lower revenues due to the crisis

The 2010 financial targets

- Comparable sales growth of 6% average per year 
- Group EBITA margin of 10-11% 

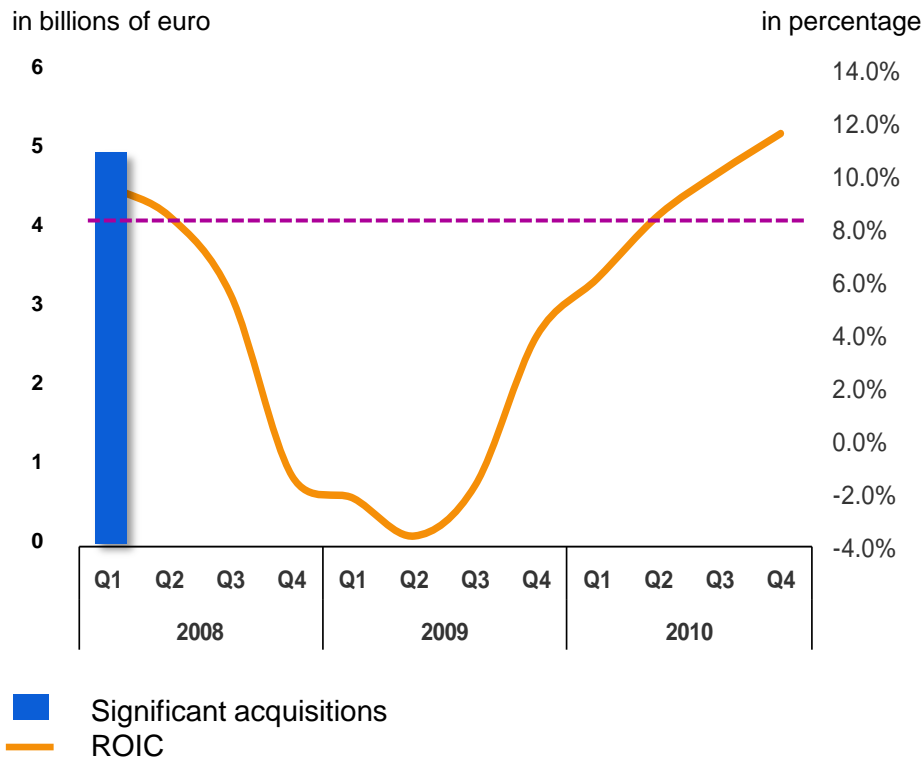
Sector EBITA targets:

- Healthcare 15-17% 
- Lighting 12-14% 
- Consumer Lifestyle 8-10% 
- Generate ROIC of 12-13% on invested capital 

Our ROIC is on the right trajectory after significant M&A

ROIC at 11.7% in Q4 2010

Development of Return on Invested Capital



Notes:
 EBIAT are earnings before interest after tax
 Philips calculates ROIC % as: EBIAT/ NOC
 Quarterly ROIC % is based on LTM EBIAT and average NOC over the last 5 quarters
 Reported tax used to calculate EBIAT

- **Early 2008** we doubled our asset base, as we invested in growing our home healthcare business with the acquisition of Respirationics and strengthened our global leadership in professional luminaires with the acquisition of Genlyte
- **Late 2008 and 2009** the crisis had a severe impact on our revenues and Earnings Before Interest and After Tax (EBIAT), which caused our ROIC to deteriorate sharply
- **In 2010** we emerged as a structurally stronger company with significantly higher profitability levels, our ROIC is now 3.6% above the WACC rate

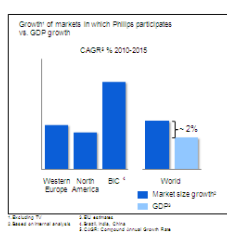
Vision 2015 outlines four key priorities

Expand leadership positions while benefiting from markets growing faster than GDP

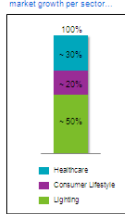
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We expect our markets to grow faster than GDP¹
Most growth expected to come in lighting and healthcare markets

We expect our markets to grow faster than GDP...



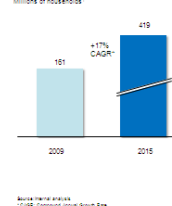
...translating into expected market growth per sector...



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Emerging markets are a key growth opportunity driven by rapid expansion of the middle class

Middle class households growth in key emerging markets
Millions of households²



- Philips sales show a strong correlation with middle class
- The number of middle class households in key emerging markets will more than double until 2015
- The total middle class income pool in emerging markets will almost double until 2015
- Our sectors will benefit strongly from the rise of the middle class in emerging markets:
 - Increasingly affordable healthcare which will drive demand
 - Building of new and better housing and other infrastructure increasing demand for lighting
 - Increasing demand for a higher quality, and healthier lifestyle

Source: World Bank
¹CAGR: Compound Annual Growth Rate

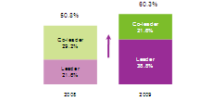
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Be the preferred brand in the majority of our chosen markets

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We aim to further strengthen our market positions and brand

Where we are today
Increased Net Promoter Score (NPS) shows that we continue to build loyalty...



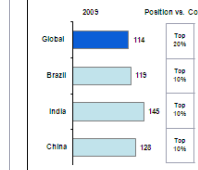
Philips moved up to world's 42nd brand in 2009, up from 65th in 2004, in the Interbrand global ranking

¹Global brands ranked according to their overall net promoter score (nps)

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Well positioned to capture the emerging markets opportunity
Current presence is a strong base for growth

Corporate brand equity index, 2009
Key emerging markets



Market	2010 Q2 LTM ¹	Q3 2010
Healthcare	15%	15%
Consumer Lifestyle	39%	42%
Lighting	37%	41%
Global	32%	36%

2015 target is at least 40%

Source: Interbrand
¹Q3 2010: current quarter
Market to Q3 2010 sales only
LTM: Last 12 months

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Lead in sustainability

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Leadership in sustainability is an important driver of growth



In early 2010 we launched our new EcoVision5 program after delivering on most of EcoVision4 targets ahead of time including more than 30% of our sales from green products

- EcoVision5 program targets for 2010-2015
- To bring care to 500 million people
 - To improve the energy efficiency of our overall portfolio by 50%
 - To double the amount of recycled materials in our products as well as to double the collection and recycling of Philips products

Supersector Leader in DJ Sustainability Index
In September 2010 we were recognized as the supersector leader in the Personal and Household Goods category in the 2010/2011 review of the Dow Jones Sustainability Index

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Be seen by all stakeholders as making a positive difference in people's lives

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The four global trends that drove Vision 2010 are becoming increasingly relevant



Aging population



The rise of emerging markets



Increased consumer empowerment and sustainable lifestyles



Climate change and sustainable development

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Philips investment proposition – Vision 2015

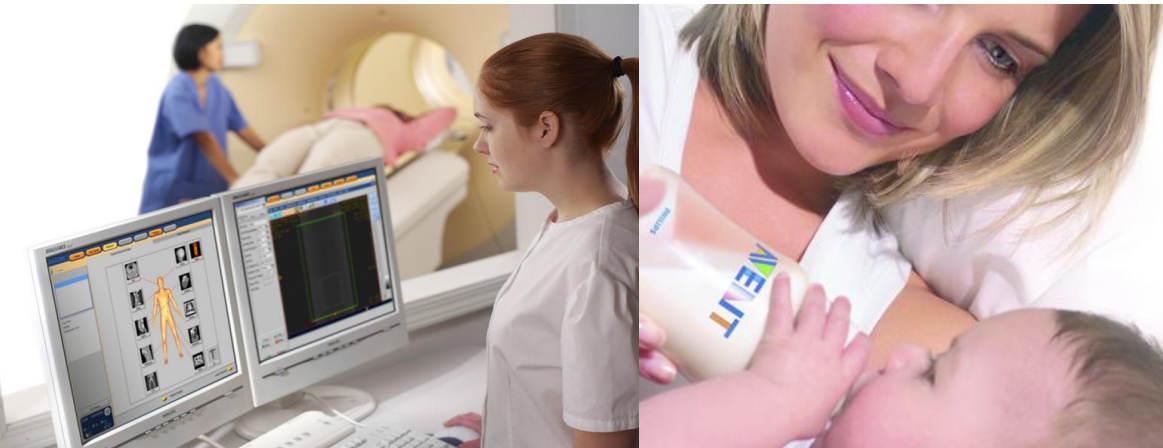
Strategy and main financial objectives over the period

“Philips’ strategy is to become the leading company in health and well-being. We believe that a steadily growing demand for healthcare, a healthy lifestyle and energy-efficient lighting solutions will – driven by an aging population, increased environmental awareness and expanding emerging markets – allow Philips to generate double-digit EBITA margins.”

Main financial objectives:

- Comparable sales growth on annual average basis equal to **real GDP + a minimum of 2%**
- Reported **EBITA margin between 10% and 13% of sales** of which:

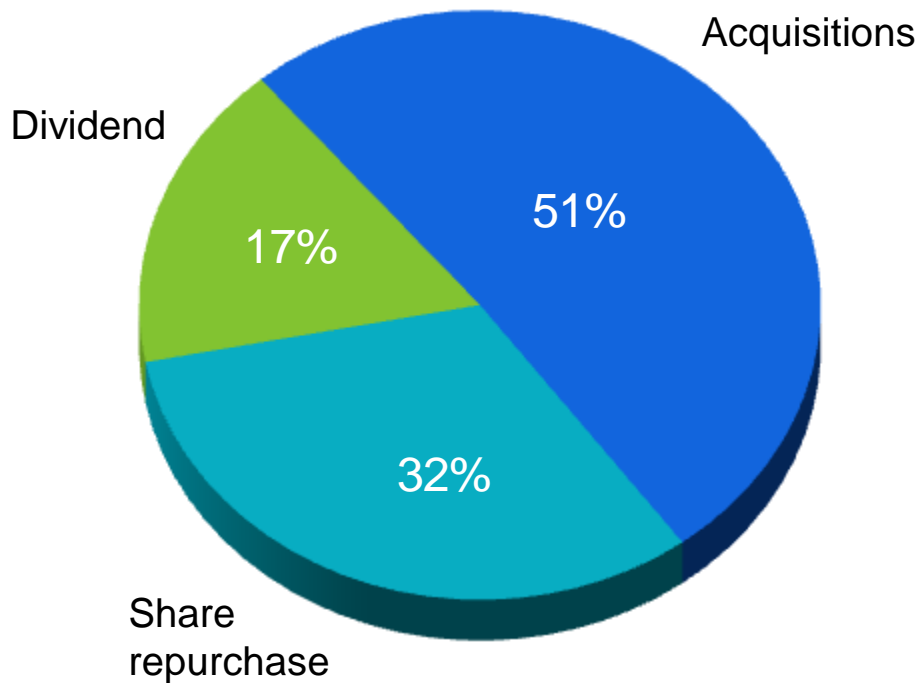
Healthcare	16-18%
Consumer Lifestyle	9-11%
Lighting	12-14%
- **Grow EPS** at double the rate of comparable annual sales growth
- Generate a **return on invested capital of at least 4% above Weighted Average Cost of Capital**



Supported by the right allocation of capital

Continuing our capital allocation priorities from recent years

2007 – 2010
100% = EUR 13 billion



Capital allocation priorities

1. Maintain our A-rating
2. Sustainable dividend growth (40-50% of continuing net income)
3. Acquisitions / investments in growth markets
4. Share repurchase

1. Philips Introduction
2. Vision 2015: Strategy and Investment Proposition
3. Group results Q4 2010 and annual results 2010
4. Healthcare, Consumer Lifestyle and Lighting

Headlines in Quarter 4

- Net income of EUR 465 million, an increase of EUR 205 million compared to Q4 2009
- EBITA of EUR 873 million at 11.8% of sales in the quarter
- Nominal sales of EUR 7.4 billion, 2% higher year-on-year
- Comparable sales declined 4%, primarily reflecting weak consumer demand in Western Europe
- Emerging market sales increased from 31% to 33% of Group sales
- Strong cash flow of EUR 1.3 billion
- Proposed dividend increased to EUR 0.75 per share

Key Financials Summary – Q4 2010 and FY 2010

EUR million

	Q4 2009	Q4 2010	FY 2009	FY 2010
Sales	7,263	7,392	23,189	25,419
EBITA	662 ¹	873 ¹	1,050 ²	2,552 ²
Financial income and expenses	(78)	(63)	(166)	(122)
Income tax	(230)	(224)	(100)	(509)
Net income (loss)	260	465	424	1,452
Net Operating Capital	12,649	12,071	12,649	12,071
Net cash from operating activities	935	1,558	1,545	2,156
Net capital expenditures	(209)	(222)	(682)	(823)
Free cash flow	726	1,336	863	1,333

1 - 4Q10 includes on balance EUR 33M of gains and charges while 4Q09 included in total EUR (233)M gains and charges
 2 - 2010 includes on balance EUR (114)M of gains and charges while 2009 included in total EUR (424)M gains and charges

Sales by sector – Q4 2010

EUR million

	Q4 2009	Q4 2010	Sales growth composition (in %)			
			Comp	currency	portfolio	Nom
Healthcare	2,405	2,642	2	8.7	(0.3)	10
Consumer Lifestyle	2,903	2,687	(11)	4.4	(0.9)	(7)
Lighting	1,846	1,975	-	6.9	0.4	7
GM&S	109	88	(20)	1.1	-	(19)
Group sales	7,263	7,392	(4) ¹	6.3	(0.4)	2

¹ Comparable growth Philips Group excluding television is (2)%

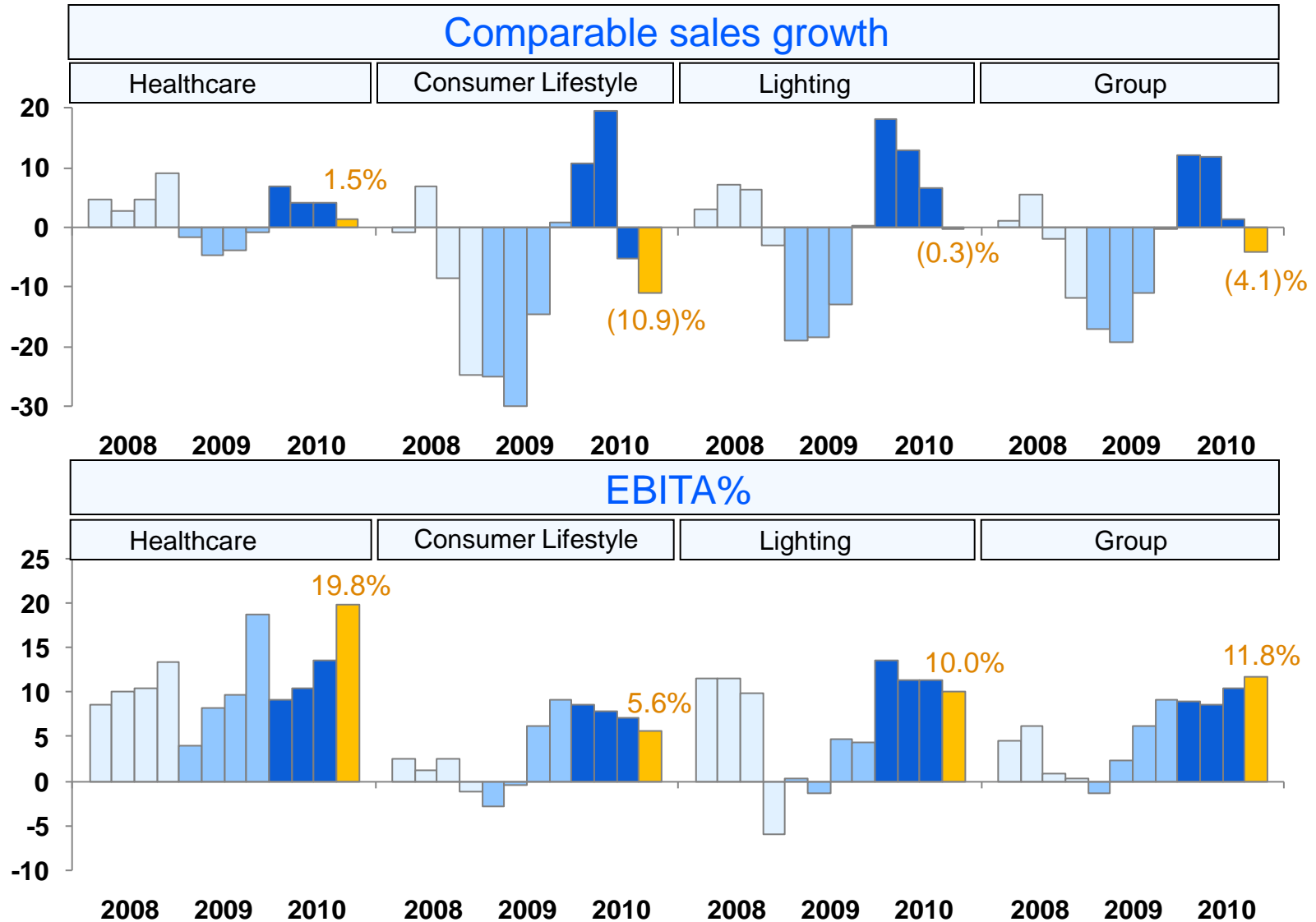
Sales by sector – Full Year 2010

EUR million

	FY 2009	FY 2010	Sales growth composition (in %)			
			Comp	currency	portfolio	Nom
Healthcare	7,839	8,601	4	6.0	(0.2)	10
Consumer Lifestyle	8,467	8,906	1	4.7	(0.7)	5
Lighting	6,546	7,552	9	6.0	0.7	15
GM&S	337	360	6	3.0	(2.6)	7
Group sales	23,189	25,419	4	5.5	(0.2)	10

Sales Growth and EBITA Margin Development

Comparable sales growth and EBITA%



Sales by market cluster – Q4 2010

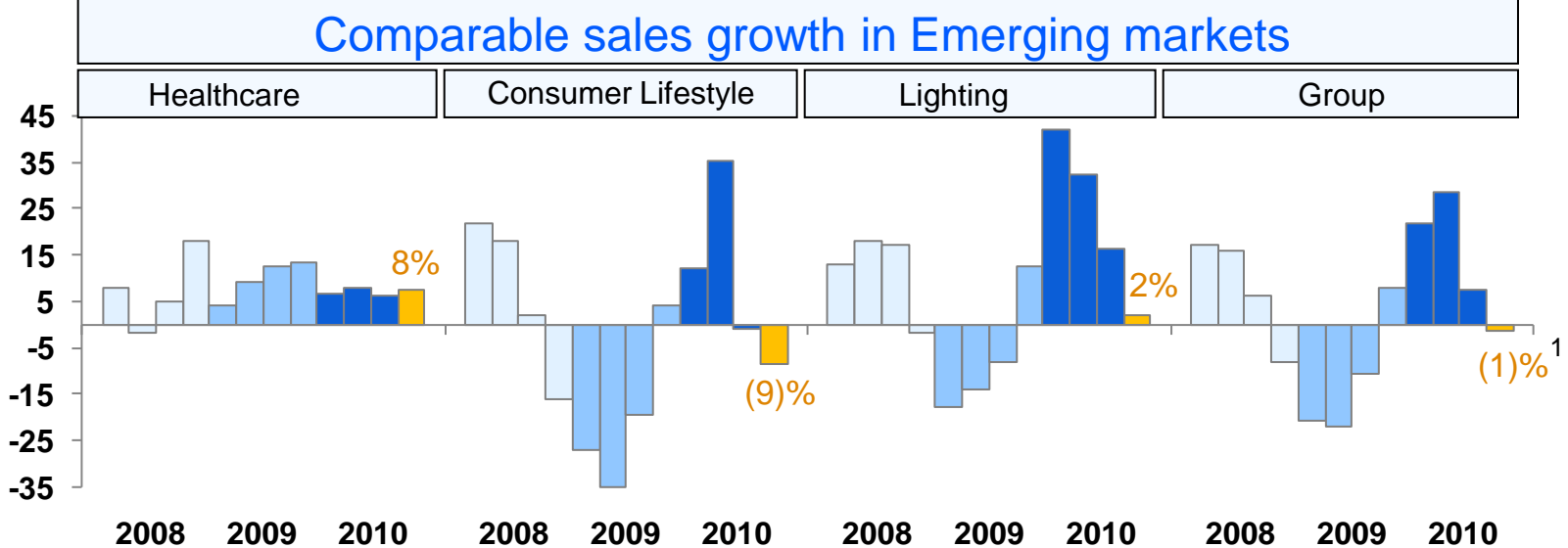
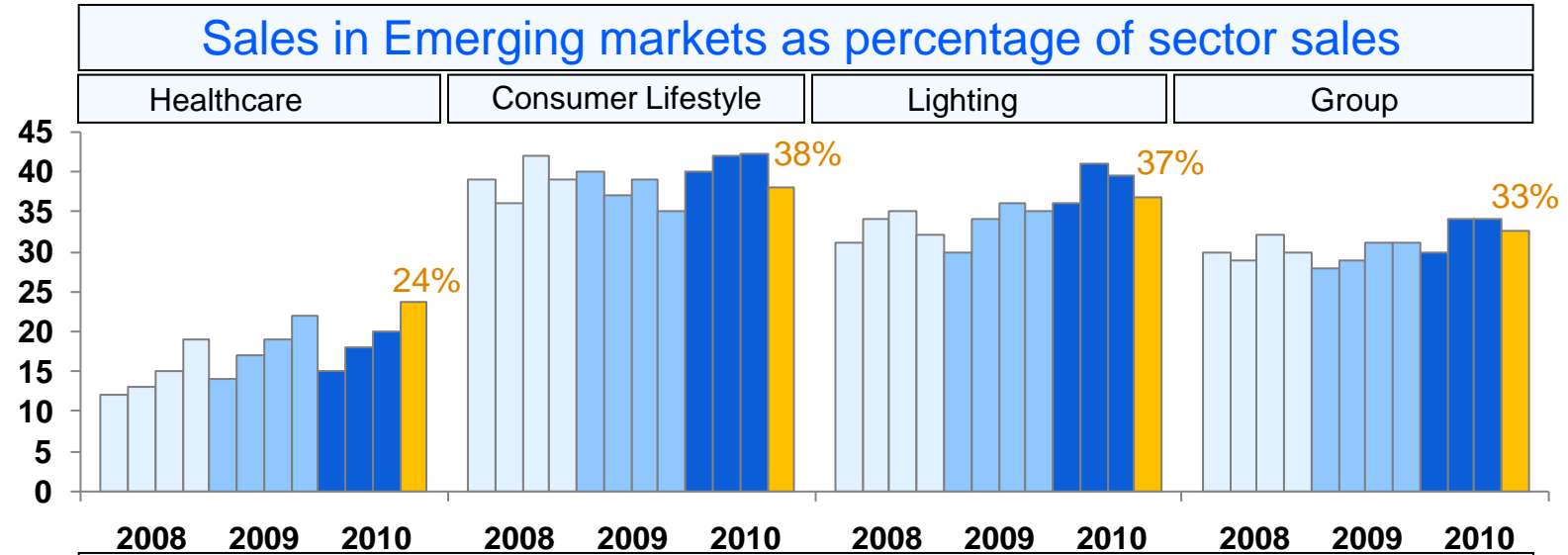
EUR million

	Q4 2009	Q4 2010	% nom	% comp
Western Europe	2,804	2,540	(9)	(10)
North America	1,802	1,978	10	1
Other mature markets	421	462	10	(4)
Emerging markets	2,236	2,412	8	(1)
Group sales	7,263	7,392	2	(4) ¹

¹ Comparable growth Philips Group excluding television is (2)%

Emerging Markets Sales: trend through Q4 2010

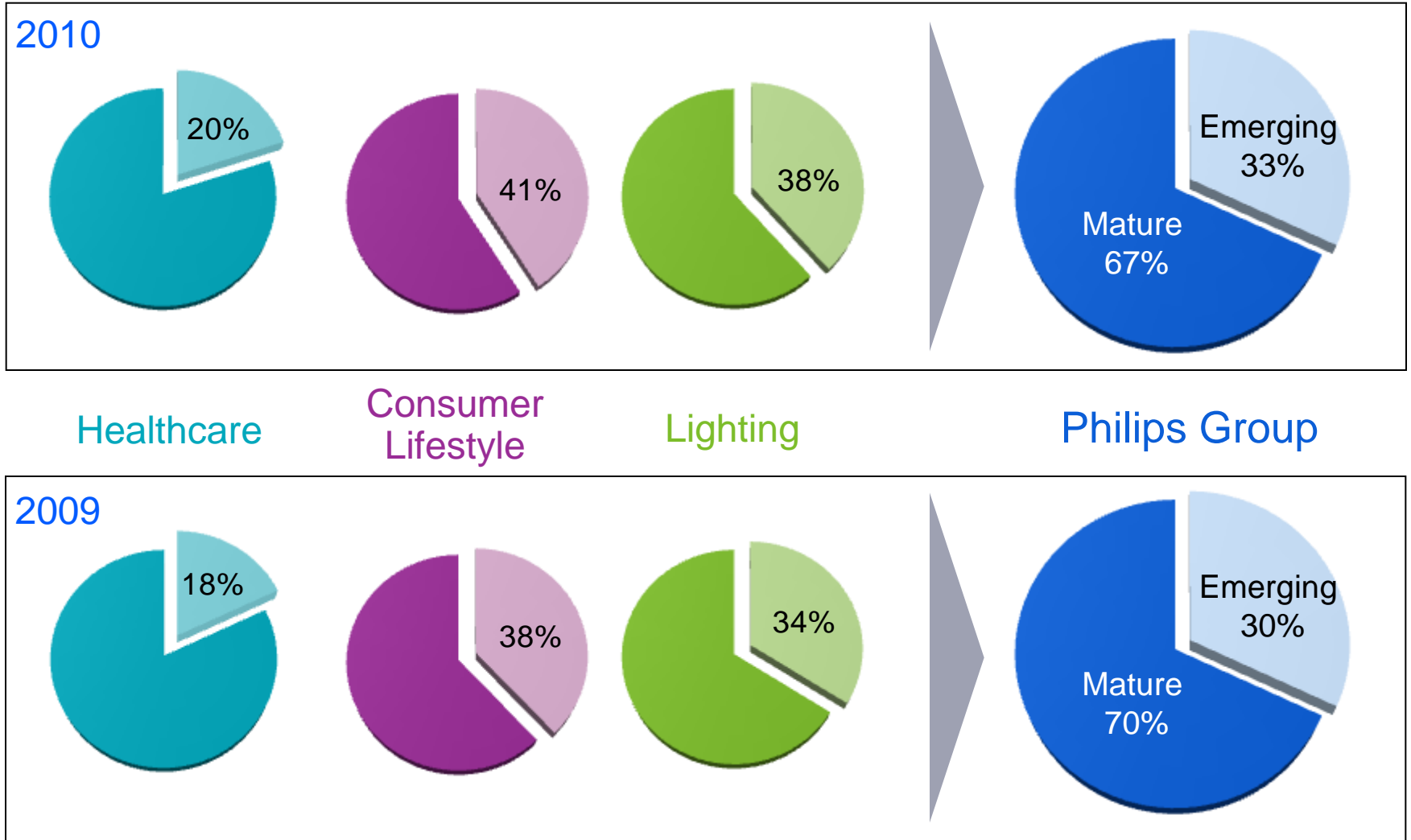
Sales growth in emerging markets



¹ Q4 2010 comparable Philips Group sales in emerging markets excluding TV is +3%, excluding TV and Brazil +7%

Emerging Markets – FY 2009 & FY 2010

Sales in emerging markets



EBITA by sector – Q4 2010

EUR million

	Q4 2009	Q4 2010
Healthcare	452 ¹	522 ¹
Consumer Lifestyle	266 ²	151 ²
<i>of which Television</i>	29	(67)
Lighting	82 ³	198 ³
GM&S	(138) ⁴	2 ⁴
Philips Group	662	873
as % of sales	9.1%	11.8%

1 - 4Q10 includes EUR 4M of restructuring and acquisition-related gains; 4Q09 included on balance EUR (27)M charges

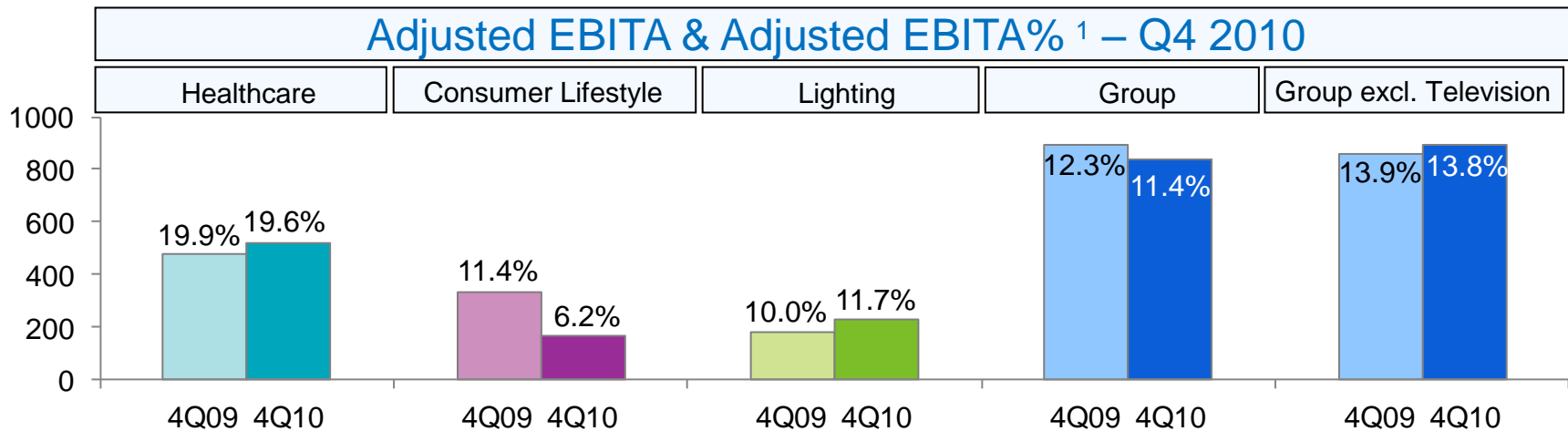
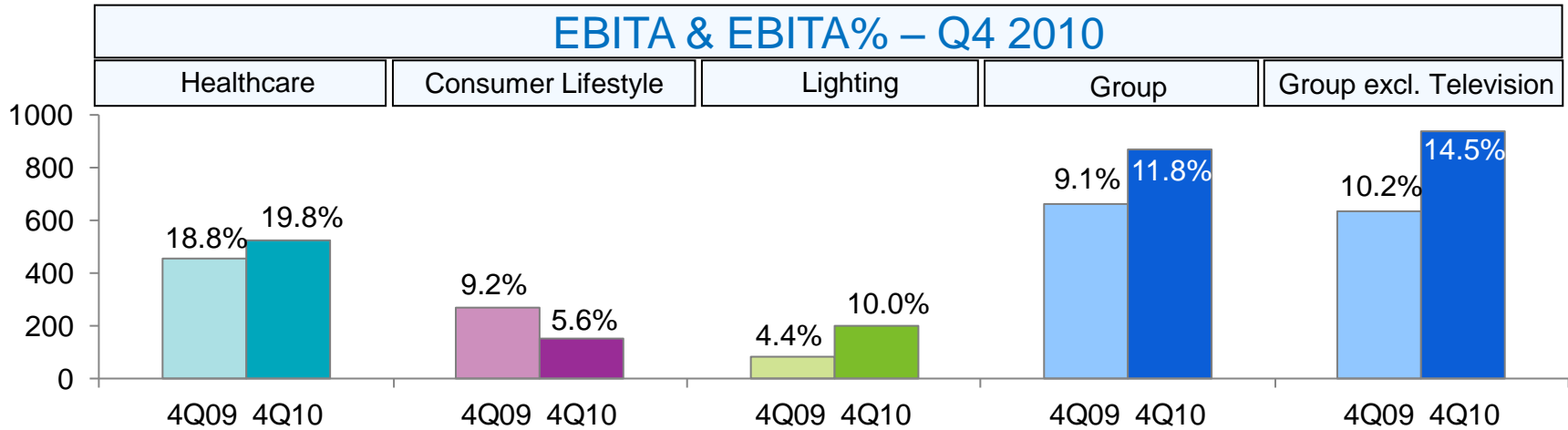
2 - 4Q10 includes EUR (15)M of restructuring and acquisition-related charges; 4Q09 included on balance EUR (65)M charges

3 - 4Q10 includes EUR (34)M of restructuring and acquisition-related charges; 4Q09 included EUR (103)M charges

4 - 4Q10 includes EUR (5)M of restructuring charges and a gain of EUR 83M related to a release of a provision for retiree medical benefits; 4Q09 includes EUR (36)M of restructuring charges, EUR (46)M of incidental assets write-offs and a gain of EUR 44M related to a release of a provision for retiree medical benefits

EBITA development in the quarter

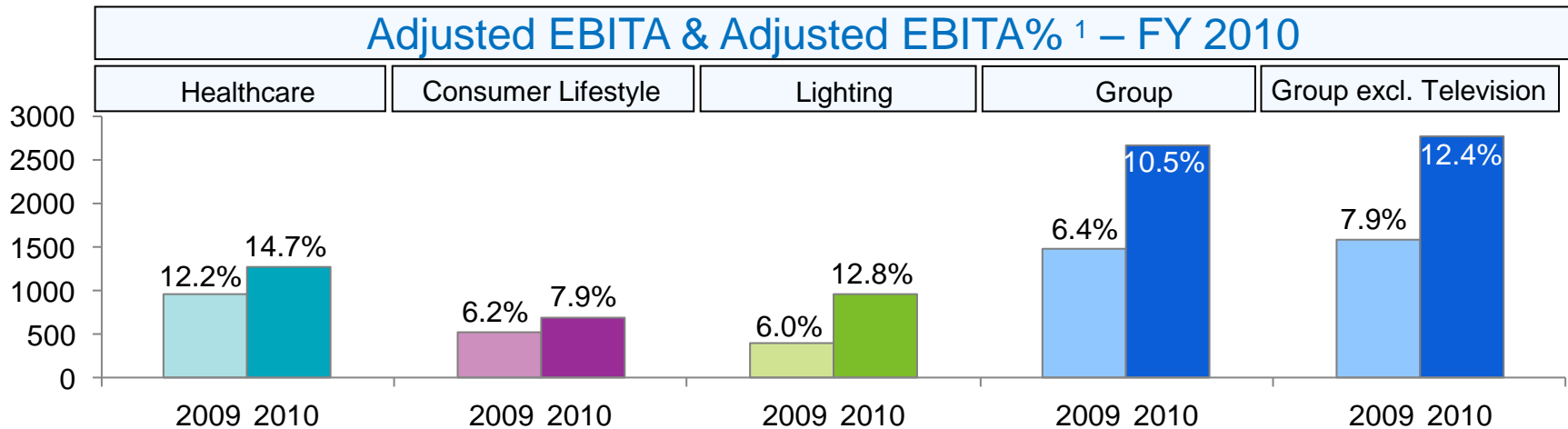
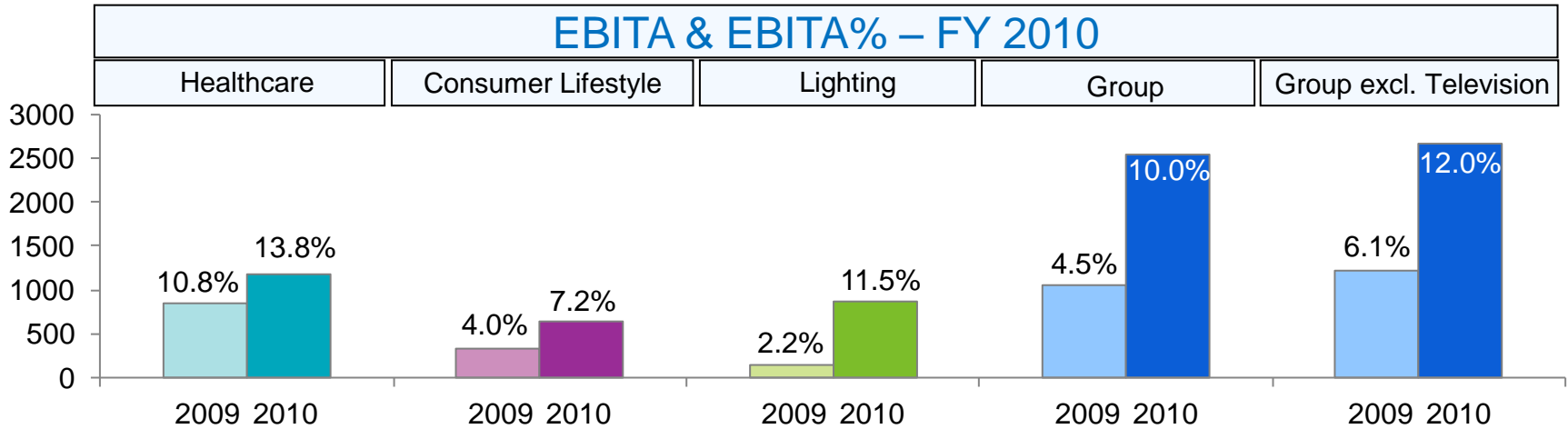
EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details in quarterly information booklet slide 80)

Full year 2010 - EBITA development

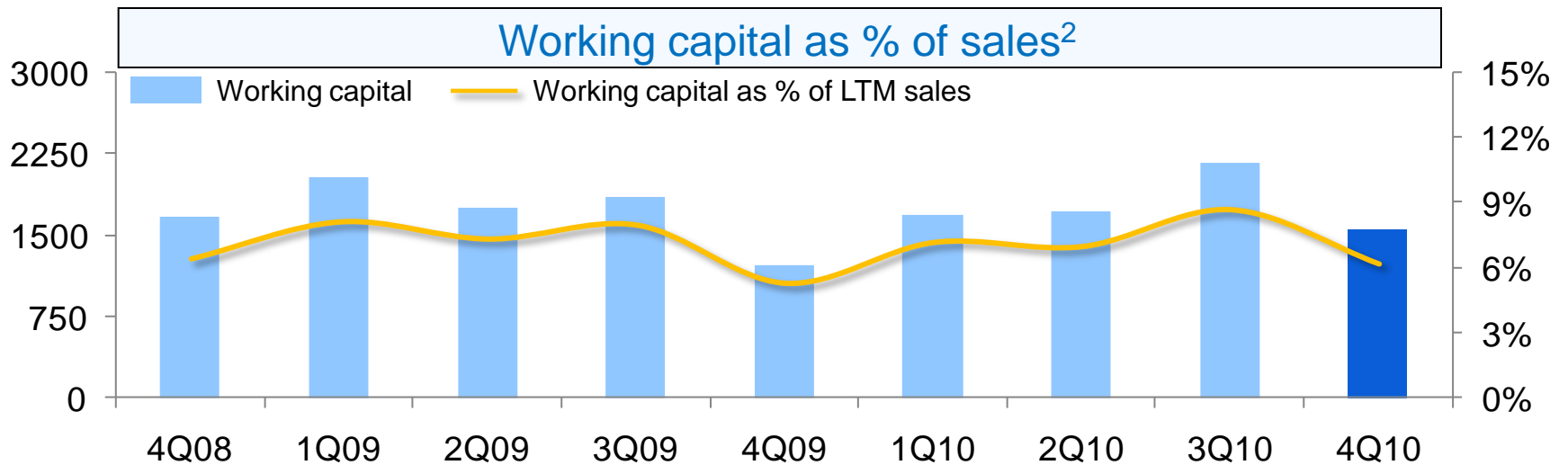
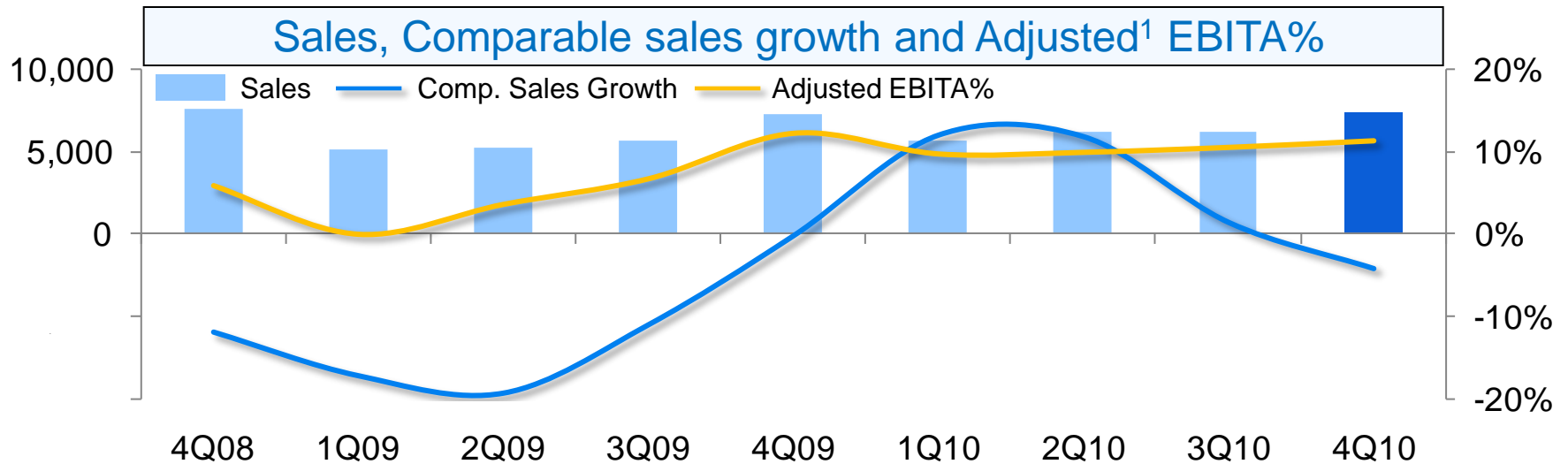
EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details in quarterly information booklet slide 80)

Philips: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details in quarterly information booklet slide 80)

² Working Capital as % of sales of Healthcare, Consumer Lifestyle and Lighting; excluding central sector GM&S

Delivered on our fixed costs reduction program

In view of macro-economic developments, Philips accelerated their planned initiatives to further increase organizational effectiveness and to lower fixed cost by streamlining operations and simplifying the structure.

Our restructuring plans announced since 2008 has lead to a reduction in our 2010 fixed cost base of EUR 741 million compared to the run rate in 2008.

Restructuring	Cost ¹			Cash out	Benefit ² <i>compared to 2008 baseline</i>	
	FY2008	FY2009	FY2010		FY2010	FY2009
<i>EUR million</i>						
Healthcare	(63)	(42)	(48)	(24)	105	193
Consumer Lifestyle	(198)	(120)	(42)	(17)	200	294
Lighting	(245)	(225)	(74)	(112)	82	217
GM&S	(31)	(63)	2	(7)	31	37
TOTAL	(537)	(450)	(162)	(160)	418	741

¹ These numbers exclude acquisition-related charges of EUR 130M for FY2008, EUR 101M for FY2009 and EUR 71M for FY2010

² For 2009/ 2010 actual benefit realized per quarter see slide 81

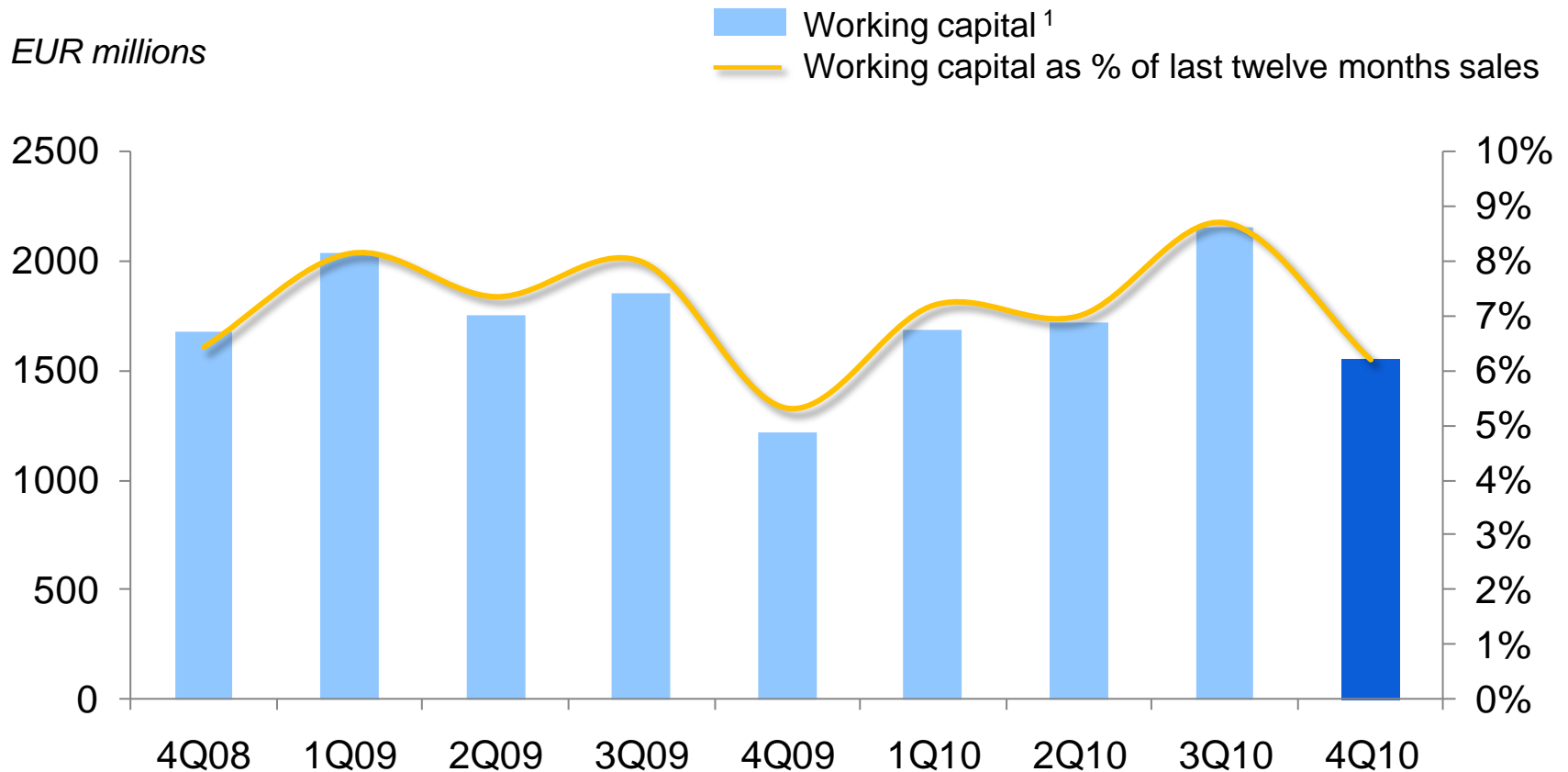
Cash Flow from continuing operations – Q4 2010

EUR million

	Q4 2009	Q4 2010
Net income from continuing operations	260	465
Depreciation / amortization / impairments	435	380
Net gain on sale of assets	(13)	(24)
Changes in Working Capital, of which:	606	671
- changes in Net inventories	540	367
- changes in Accounts receivable	365	(87)
- changes in Accounts payable	(299)	391
Other	(353)	66
Cash flow from operations	935	1,558
Expenditures on development assets	(59)	(62)
Gross capital investments	(151)	(176)
Acquisitions / divestments / other	72	(44)
Cash flow before financing activities	797	1,276

Continued strict cash flow management

Structural reduction in working capital turns



¹ Working Capital of Healthcare, Consumer Lifestyle and Lighting; excluding central sector GM&S

Philips' remaining main¹ equity interests have a book value of EUR 281 million as per Q4 2010

Equity interest	Ownership (% of total)	Book value (in EUR million)	Valuation	Accounting basis	Source of equity stakes
Intertrust Technologies Corporation	49.5%	54	Not listed	Equity accounted	Acquired in 2002 together with Sony
Innolux Display Corp.	1.3%	89	Listed, Taiwanese Stock Exchange	Fair value	Acquired in 2010 after TPO Displays Corp. merged with Innolux Display Corp. Share in TPO Displays Corp. following merger of Philips Mobile Display Systems with Toppoly Optoelectronics Corporation of Taiwan in 2006
TCL	5.5%	63	Listed, Shanghai Stock Exchange	Fair value	Strategic investments, acquired in 2002 and 2007
TPV	2.7%	30	Listed, Hong Kong Stock Exchange	Fair value	Acquired in 2005 in exchange of the transfer of the monitor business to TPV. Shareholding reduced in 2010 from 12.4% to 2.7%
Shenyang Neusoft Corp. Ltd.	2.0%	45	Listed, Shanghai Stock Exchange	Fair value	Acquired in 2008 following the swap of shares in Neusoft Group Ltd. held by Philips
Total		281			

¹ The aggregate amount of *Investments in Associates* and *Other non-current financial assets* is EUR 645 million as per December 31, 2010

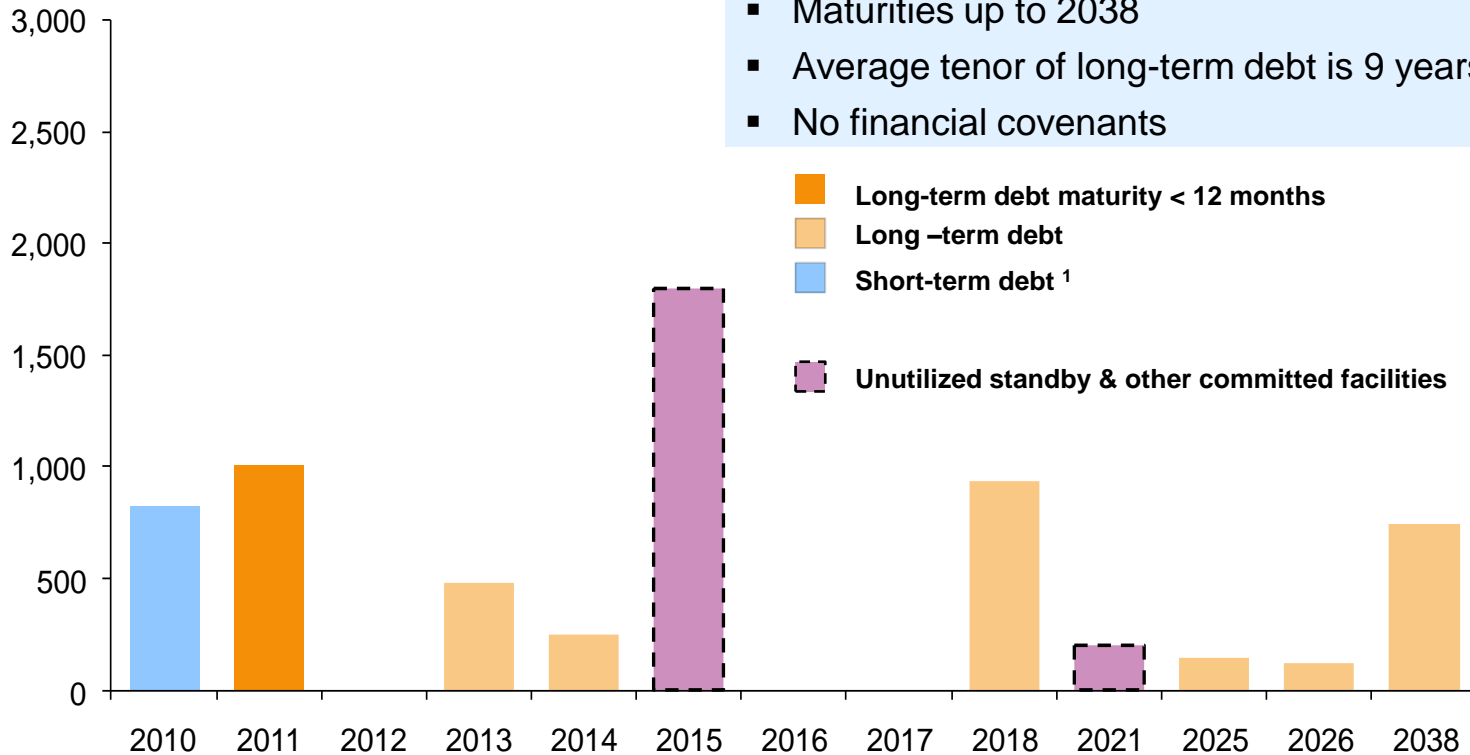
Philips' debt has a long maturity profile

Debt maturity profile as of December 2010

Amounts in EUR millions

Characteristics of long-term debt

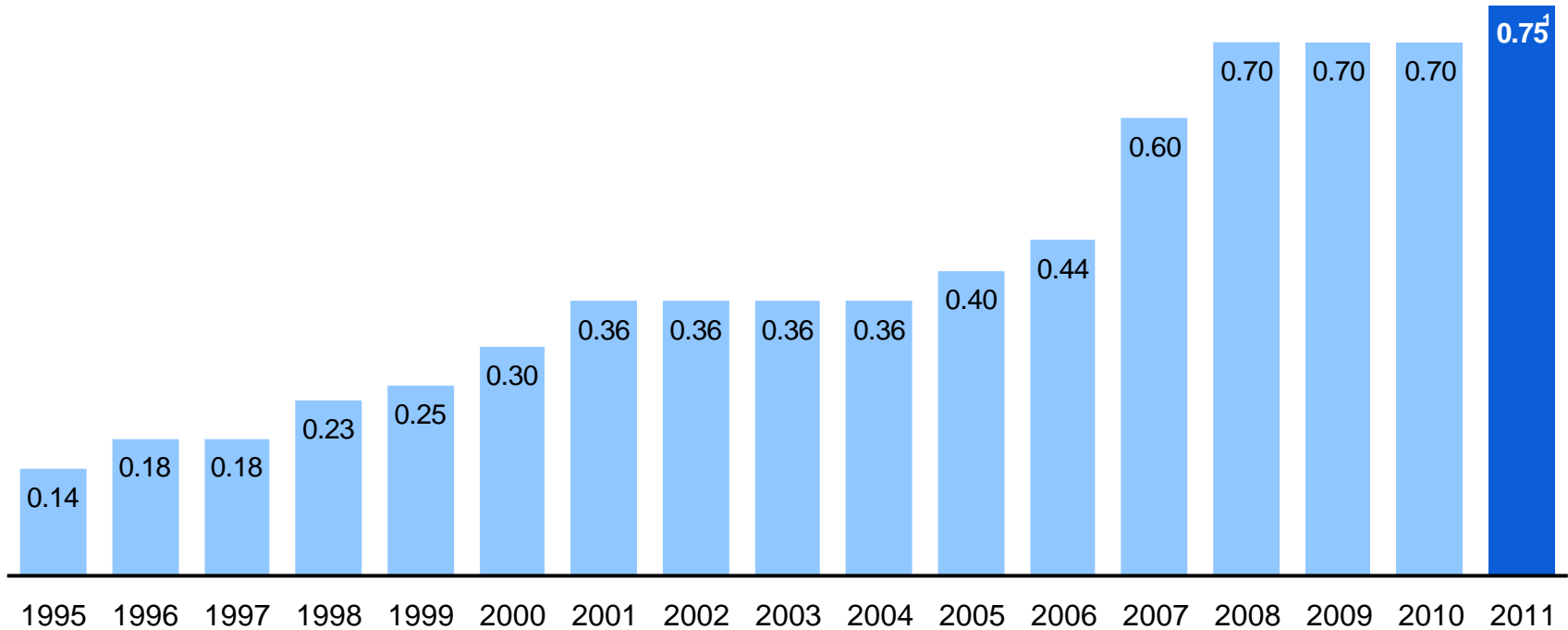
- Maturities up to 2038
- Average tenor of long-term debt is 9 years
- No financial covenants



¹ Short term debt consists mainly of local credit facilities that are being rolled forward on a continuous basis.

A history of sustainable dividend growth

EUR cents per share



“Our aim is to sustainably grow our dividend over time. Philips’ present dividend policy is based on an annual pay-out ratio of 40 to 50% of continuing net income.”

¹ Elective dividend, proposal subject to approval in the General Shareholders Meeting on March 31st, 2011

Philips Pensions Plans: Full Year Update

EUR million

	June 30, 2009		December 31, 2009		June 30, 2010 (not reported)		December 31, 2010	
	Funded Status	Balance sheet position	Funded Status	Balance sheet position	Funded Status	Balance sheet position	Funded Status	Balance sheet position
Netherlands Pre-paid pension asset	1,549	0	2,658	1,497	1,911	1,453	1,389	0
Other major plans		<u>(1,926)</u>	(1,711)	<u>(1,844)</u>	(2,263)	<u>(2,384)</u>	(1,258)	<u>(1,602)</u>
Net balance sheet position major plans		(1,926)		(347)		(931)		(1,602)
Funded status minor plans		<u>(199)</u>		<u>(197)</u>		<u>(201)</u>		<u>(203)</u>
Net balance sheet position		(2,125)		(544)		(1,132)		(1,809)

- The amount of pre-paid pension asset is the recognized amount of the surplus, an estimate of the net present value of future benefits (discounts/ refunds).
- Prepaid pension asset was zero in Q4, 2010 mainly due to the impact of the substantial longevity improvements (negative impact of approx. EUR 750 million) and the market movements in interest rates.

Last twelve months acquisitions at a glance

Healthcare

Sep-2010	Wheb Sistemas	Patient Care and Clinical Informatics	Strengthen clinical informatics portfolio with a leading Brazilian provider of clinical information systems
Aug-2010	CDP Medical	Patient Care and Clinical Informatics	Expand clinical informatics portfolio in high-growth markets in the area of PACS
Jul-2010	Apex	Imaging Systems	Strengthen portfolio of high-quality transducers aimed at the value segment in emerging markets
Feb-2010	Somnolyzer	Home Healthcare	Somnolyzer 24x7 automated-scoring solution that can improve the productivity of sleep centers

Lifestyle

Oct-2010	Discus	Health & Wellness	Expand oral healthcare portfolio with leading manufacturer of professional tooth whitening products
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Lighting

Dec-2010	NCW Holdings	Professional Luminaires	Expand global leadership position of professional lighting entertainment solutions
Aug-2010	Burton	Professional Luminaires	Expand portfolio with leading provider of specialized lighting solutions for healthcare facilities
Jul-2010	Street light control portfolio	Lighting Electronics	Strengthen outdoor lighting portfolio with acquisition street lighting controls activities of Amplex A/S
Feb-2010	Luceplan	Consumer Luminaires	Iconic brand in the premium design segment for residential applications

Management agenda 2010

The leading company in health and well-being

Drive performance	Accelerate change	Implement strategy
<p>Drive top-line growth and market share</p>	<p>Increase customer centricity by empowering local markets and customer facing staff</p>	<p>Increase our market position in emerging markets</p>
<p>Continue to reduce costs and improve cost agility</p>	<p>Increase number of businesses with NPS co/leadership positions</p>	<p>Drive key strategy initiatives for each sector</p> <ul style="list-style-type: none"> • Move towards leadership position in imaging
<p>Further increase cash flow by managing cash aggressively</p>	<p>Increase employee engagement to high performance level</p>	<ul style="list-style-type: none"> • Grow Home Healthcare • Grow Health and Wellness • Manage TV to profitability • Become lighting solutions leader in outdoor • Grow consumer luminaires • Optimize lamps lifecycle <p>Leverage Sustainability as an integral part of our strategy</p>

Management agenda 2011

Accelerate growth to achieve Vision 2015

Drive performance	Improve capabilities	Implement strategy
<p>Make the turn to faster growth and gain market share</p> <p>Deliver on financial returns</p> <p>Deliver on our Ecovision sustainability commitments</p>	<p>Champion customer responsiveness and adopt culture of growth</p> <p>Improve speed and execution to market</p> <p>“Resource to win” now to ensure to achieve Vision 2015</p>	<p>Strengthen and grow in all emerging markets - make China a “home” market</p> <p>Execute “must win” strategic battles in key business-market combinations</p> <p>Pursue value-creating acquisitions and invest in growth to strengthen our portfolio</p>

1. Philips Introduction

2. Vision 2015: Strategy and Investment Proposition

3. Group results Q4 2010 and annual results 2010

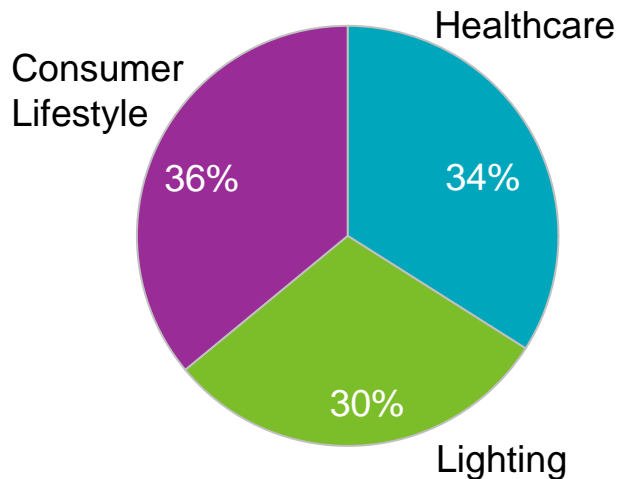
4. Healthcare, Consumer Lifestyle and
Lighting

Our focused health & well-being portfolio: Healthcare, Consumer Lifestyle and Lighting

Last twelve months

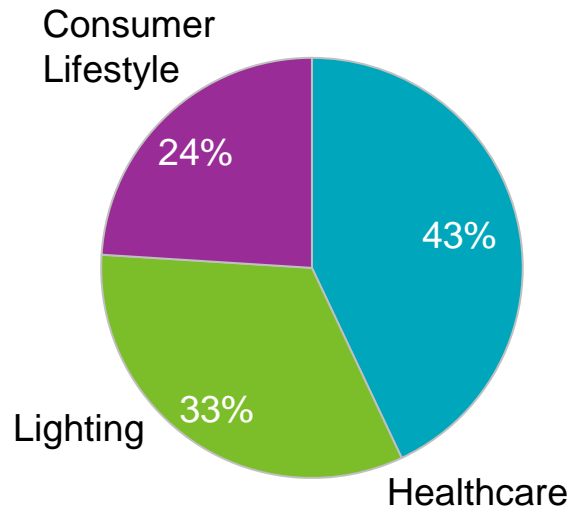
Sales

100% = EUR 25.1B ¹



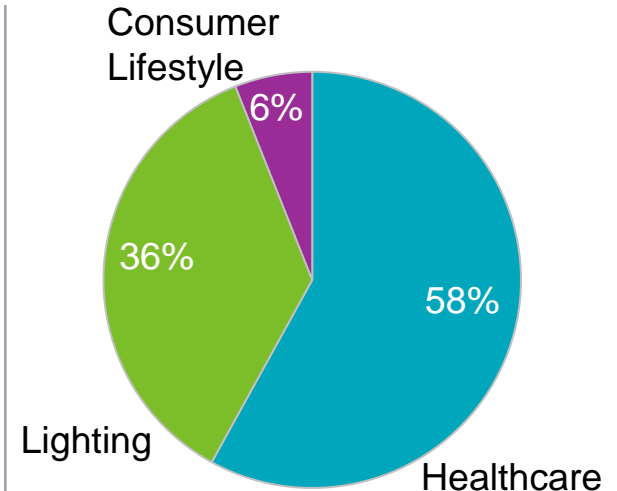
Adjusted EBITA

100% = EUR 2.9B ^{1, 2}



Net Operating Capital

100% = EUR 15.4B ¹



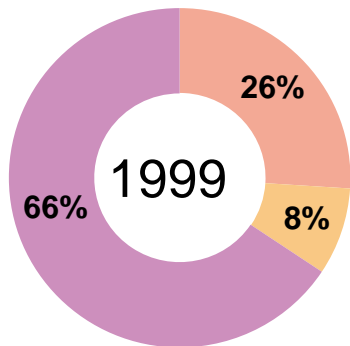
¹ Excluding Central sector (GM&S)

² EBITA adjustments based on the following charges; for Healthcare EUR 77M, for Consumer Lifestyle EUR 61M and for Lighting EUR 97M of charges are excluded.

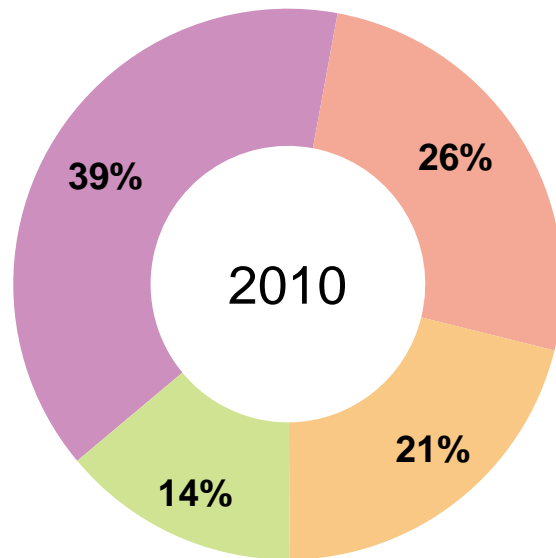
The power of Healthcare

Further strengthening our global leadership

Total sales EUR 2.5 billion



Total sales EUR 8.6 billion



- Imaging
- Customer Service
- Patient Care and Clinical Informatics
- Home Healthcare Solutions

Target margin 2010: 15-17%



Uniquely positioned for continued growth in Healthcare

Prioritization across our portfolio

Current NPS leadership positions¹



Regional
Cardio
vascular



Global
Patient
Monitoring



Regional
Cardiac
resuscitation



Regional
Radiation
Oncology Systems



Global
Ultrasound



Regional
Home
Healthcare



	Manage for cash	Optimize position	Drive growth	Invest for longer term growth
Healthcare		<ul style="list-style-type: none"> Diagnostic imaging 	<ul style="list-style-type: none"> Home Healthcare Patient Care and Clinical Informatics Customer Service 	<ul style="list-style-type: none"> Image guided intervention / therapy Clinical decision support Home Healthcare

¹ (Co)Leadership is defined as outperforming (>5%) or on par with best competitor, globally or regionally

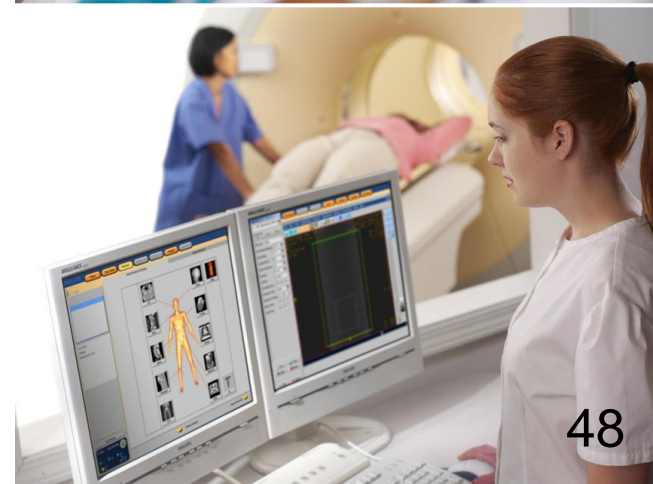
Healthcare opportunities

Global trends

- Ageing population leading to an increase in patients managing chronic conditions
- Urbanization and rise of emerging markets leading to lifestyle changes, fueling cardiovascular illnesses and respiratory and sleeping disorders

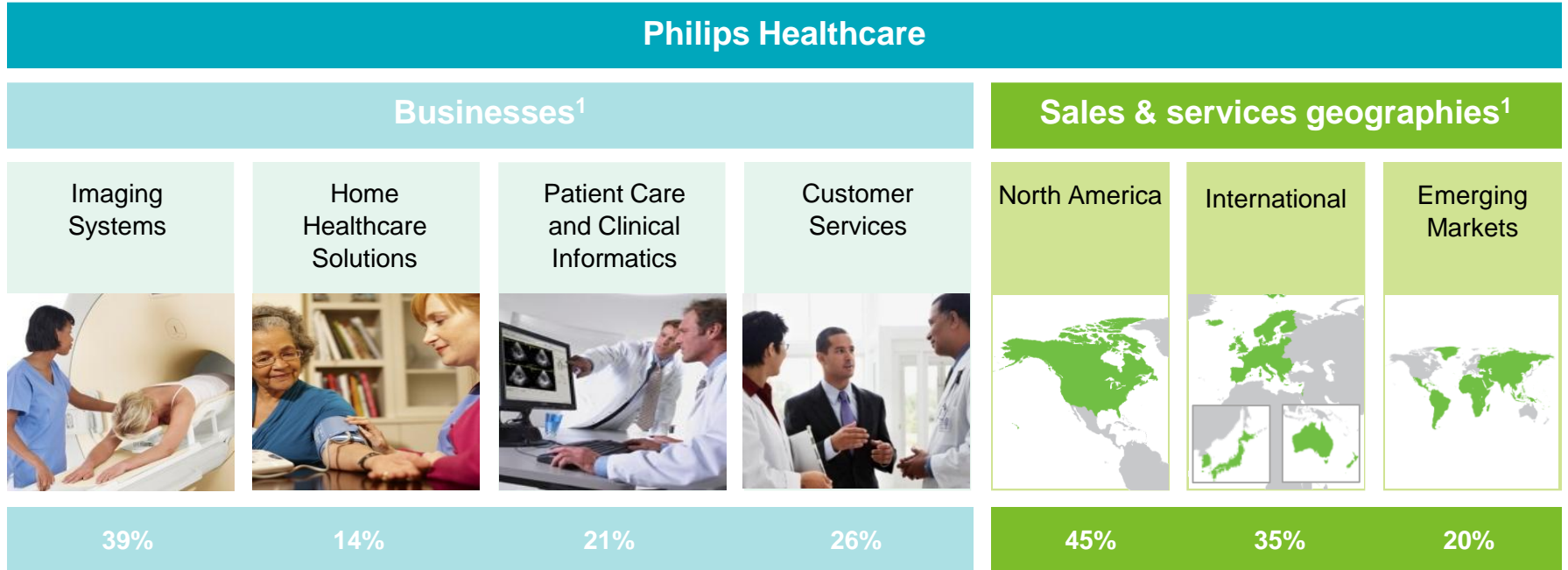
Priorities

- Move towards leadership position in Imaging Systems:
 - At the annual Radiological Society of North America (RSNA) meeting, Philips unveiled eight breakthrough innovations in imaging, proving Philips' leadership in radiology.
 - Construction of healthcare R&D facility for Cardiovascular X-ray equipment India
- Grow our Home Healthcare business:
 - Increase awareness and treatment of Obstructive Sleep Apnea (OSA) focused on emerging markets
 - Strengthen leadership in home healthcare with the acquisition (Jan. 2011) of the main business of medSage Technologies LLC, a leading provider of patient interaction and management applications for home care providers.



Depth and reach of Philips Healthcare

What we do. Where we are.



€8.6

Billion sales in 2010

35,000+

People employed worldwide in 100 countries

8%

of sales invested in R&D in 2010

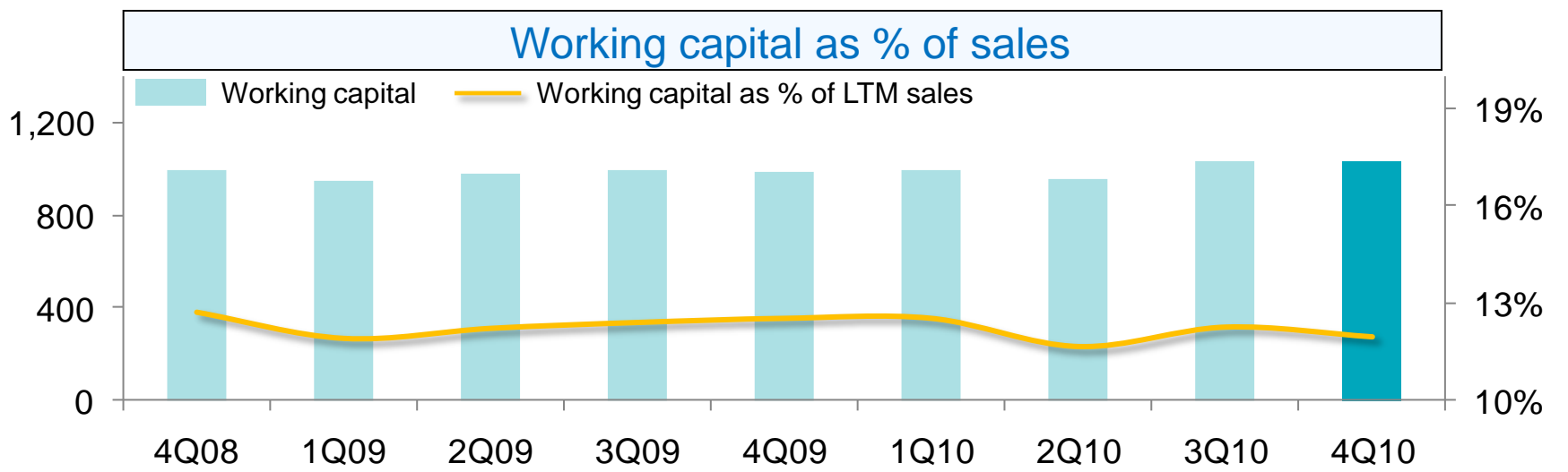
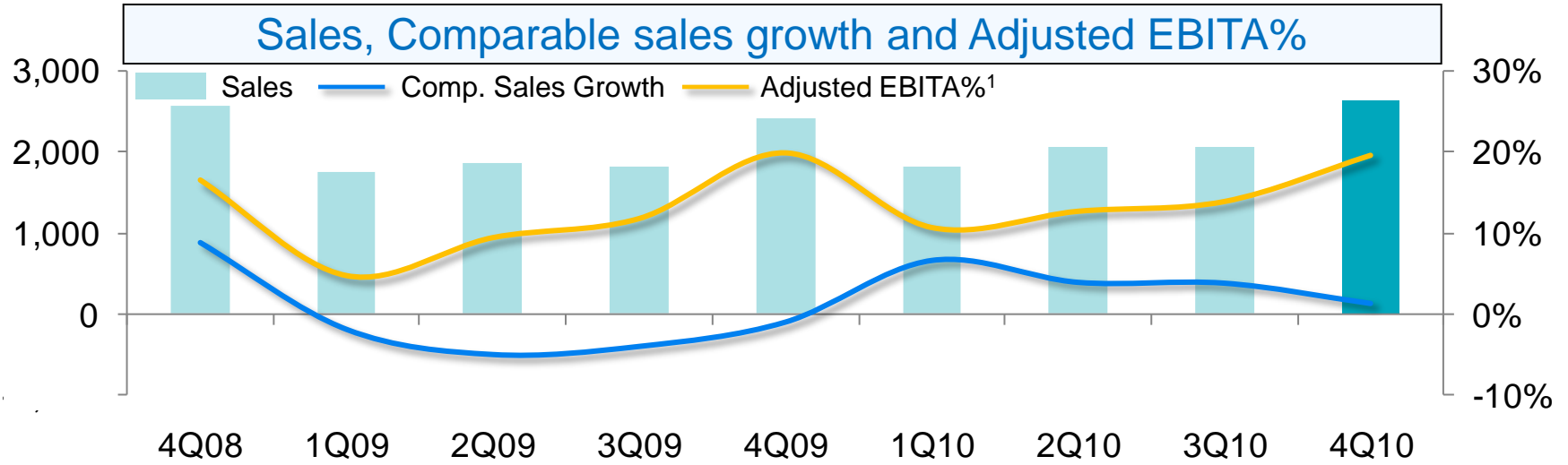
450+

Products & services offered in over 100 countries

¹ 2010 split

Healthcare: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 80)

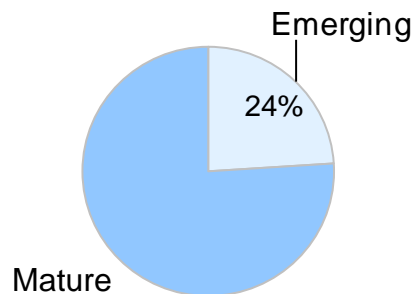
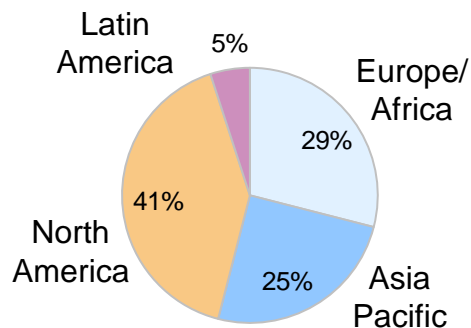
Healthcare: Q4 2010 Sector analysis

EUR million

Key figures

	4Q09	4Q10	FY2010
Sales	2,405	2,642	8,601
<i>% sales growth comp.</i>	(1)	2	4
EBITA	452	522	1,186
<i>EBITA as % of sales</i>	18.8	19.8	13.8
EBIT	392	459	922
<i>EBIT as % of sales</i>	16.3	17.4	10.7
NOC	8,434	8,908	8,908
Employees (FTEs)	34,296	35,479	35,479

Sales per region 4Q10 Emerging markets



Financial performance

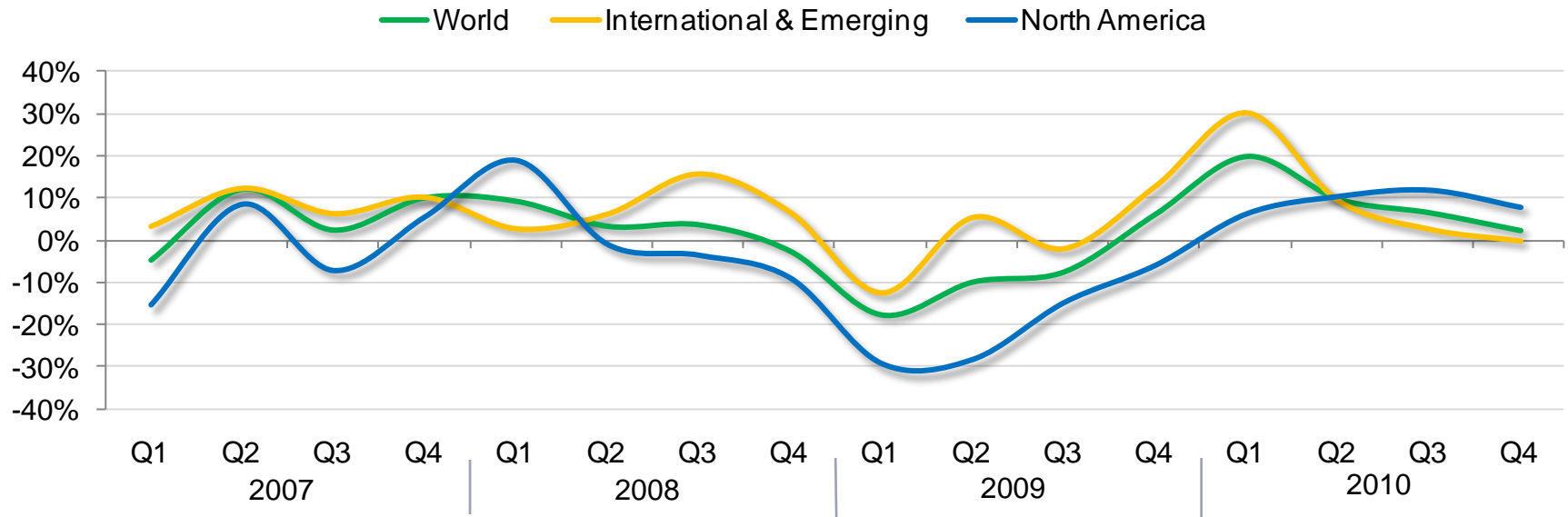
- Currency-comparable equipment order intake increased by 3% year-on-year, with notable improvements at Patient Care & Clinical Informatics. Equipment orders in NA grew by 8%, while order intake in markets outside of NA was flat. Emerging market equipment orders grew by 9% compared to Q4 2009. For the year, currency comparable equipment orders grew by 9%, whereas 16% comparable growth was recorded in emerging market equipment order intake.
- Nominal sales grew 10% compared with Q4 2009. Comparable sales were 2% higher year-on-year, with sales increases at Home Healthcare Solutions, Patient Care & Clinical Informatics and Customer Services. Imaging Systems sales were slightly lower than in Q4 2009 as a result of lower sales in the Latin America region. From a regional perspective, comparable sales in NA were in line with Q4 2009, while in markets outside NA sales grew by 2%. Emerging market sales grew by 8%, with notably better sales in China and at Customer Services.
- EBITA increased by EUR 70 million year-on-year to EUR 522 million, or 19.8% of sales. The EBITA improvement was driven by higher sales as well as service productivity improvements across our businesses.

Looking ahead

- In January 2011, Philips announced a strengthening of its leadership position in home healthcare with the acquisition of the main business of medSage Technologies LLC, a leading provider of patient interaction and management applications for home care providers.

Healthcare: Equipment order intake

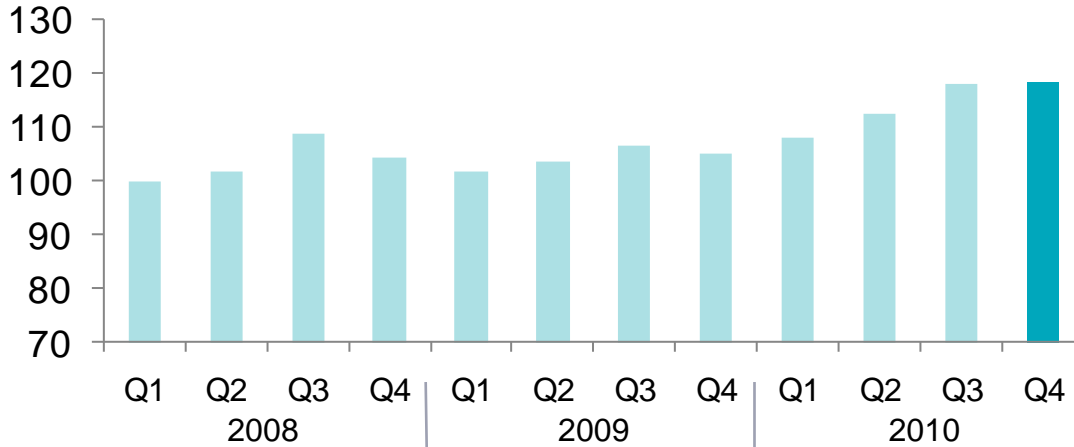
Quarterly currency adjusted equipment order intake



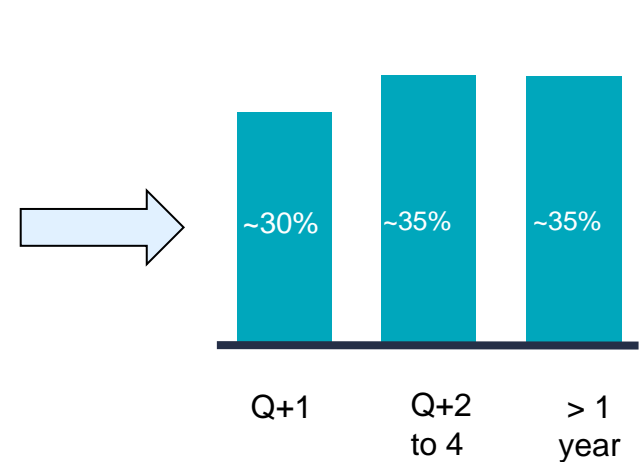
Currency adjusted order intake only relates to the Imaging Systems and Patient Care & Clinical Informatics businesses

Healthcare: Equipment order intake impact

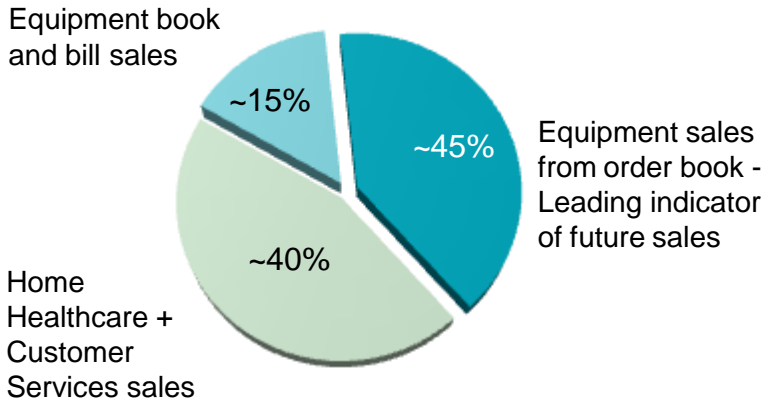
Indexed Equipment Order Book Development



Typical profile of equipment order book conversion to sales



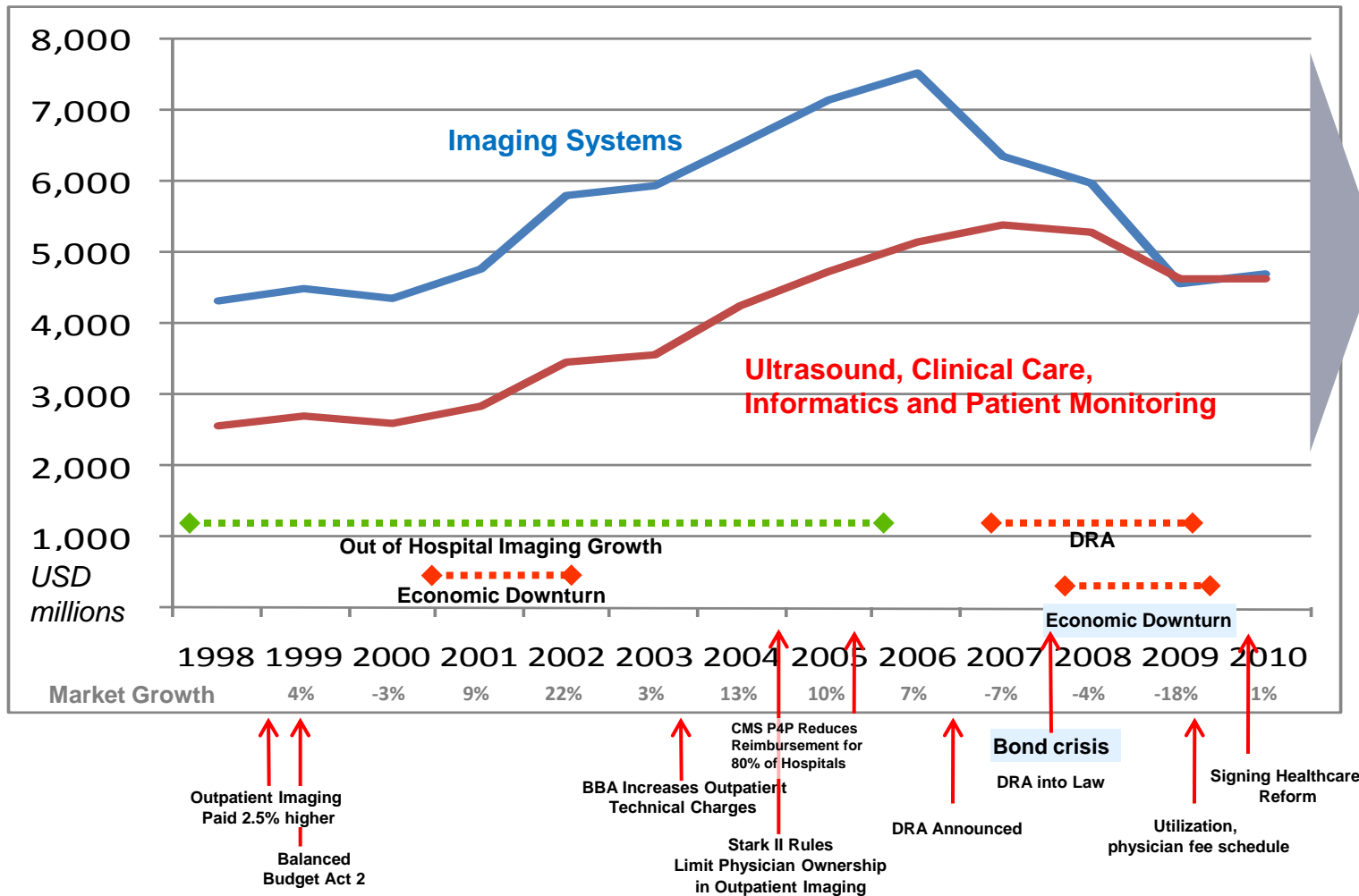
Quarter end equipment order book is a leading indicator for ~45% of sales the following quarters



- Order book level back to pre-crisis levels
- Approximately 65% of the current order book results in sales within a year

Healthcare historical market development

North America Market Size/Growth and Impacts

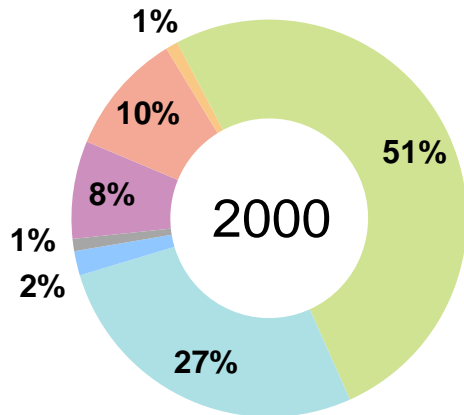


Philips current expectation for the US Imaging Systems market for 2011 and thereafter is 2-4% growth

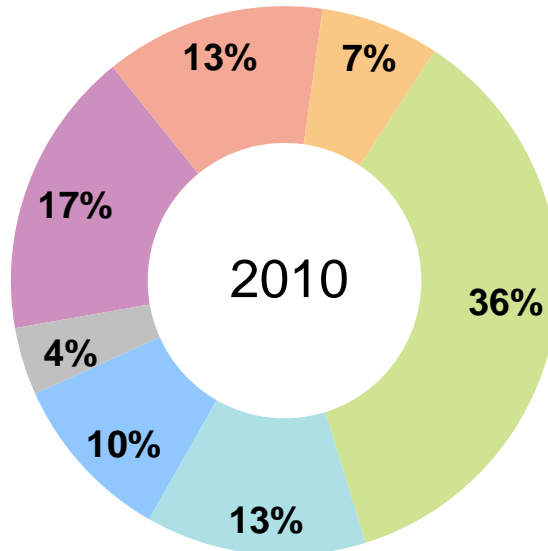
The power of Consumer Lifestyle

Focusing on differentiating profitable businesses

Total sales EUR 11.3 billion¹



Total sales EUR 8.9 billion



Target margin 2010: 8-10%

¹ DAP and Mainstream part of Consumer Electronics only



Uniquely positioned for growth in Consumer Lifestyle

Prioritization across our portfolio

Current NPS leadership positions¹



Regional
Male electric shaving
and grooming



Global
Mother and Child
Care



Regional
Power
Toothbrushes



Global
Female
depilation



Global
Steam irons



Regional
Blenders



Global
Juicers



	Manage for cash	Optimize position	Drive growth	Invest for longer term growth
Lifestyle	<ul style="list-style-type: none"> • TV 	<ul style="list-style-type: none"> • Personal Care • Domestic Appliances • Accessories • AVM 	<ul style="list-style-type: none"> • Health & Wellness • Kitchen Appliances / Beverage Appliances 	<ul style="list-style-type: none"> • Lifestyle management • Skincare • Water & Air

¹ (Co)Leadership is defined as outperforming (>5%) or on par with best competitor, globally or regionally

Consumer Lifestyle opportunities

Global trends

- Consumers are increasingly focused on their Health and Well-being
- The already substantial middle and upper income segments of Emerging Markets are growing fast
- Back to basics: consumers want simple propositions from trusted brands

Priorities

- Accelerate growth in four defined value spaces: Healthy Life; Personal Care; Home Living; Interactive living
- Maximize Health & Wellness opportunity
- Invest and prioritize Asia-first innovations for local and global markets
- Improve market shares in BRIC and key markets
- Take decisive action to bring TV to profitability



Consumer Lifestyle

What we do. Where we are.

Philips Consumer Lifestyle

Businesses^{1 2}

Geographies¹



€8.9

Billion sales
in 2010

17,000+

People employed
worldwide

4%

of sales invested
in R&D in 2010

€0.3

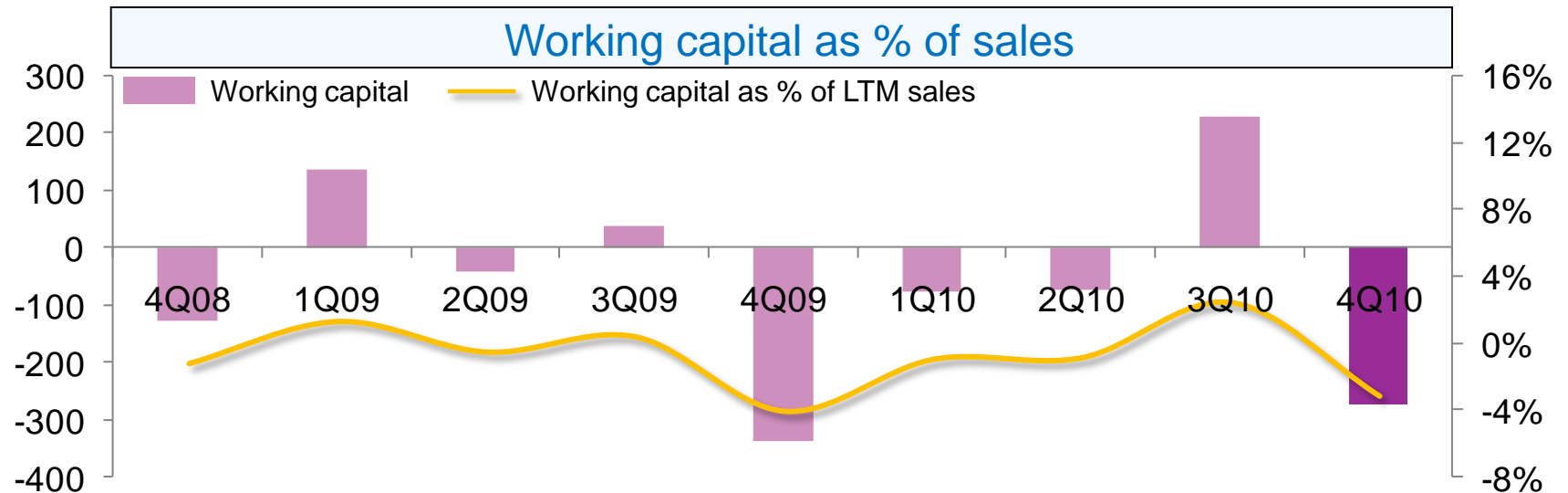
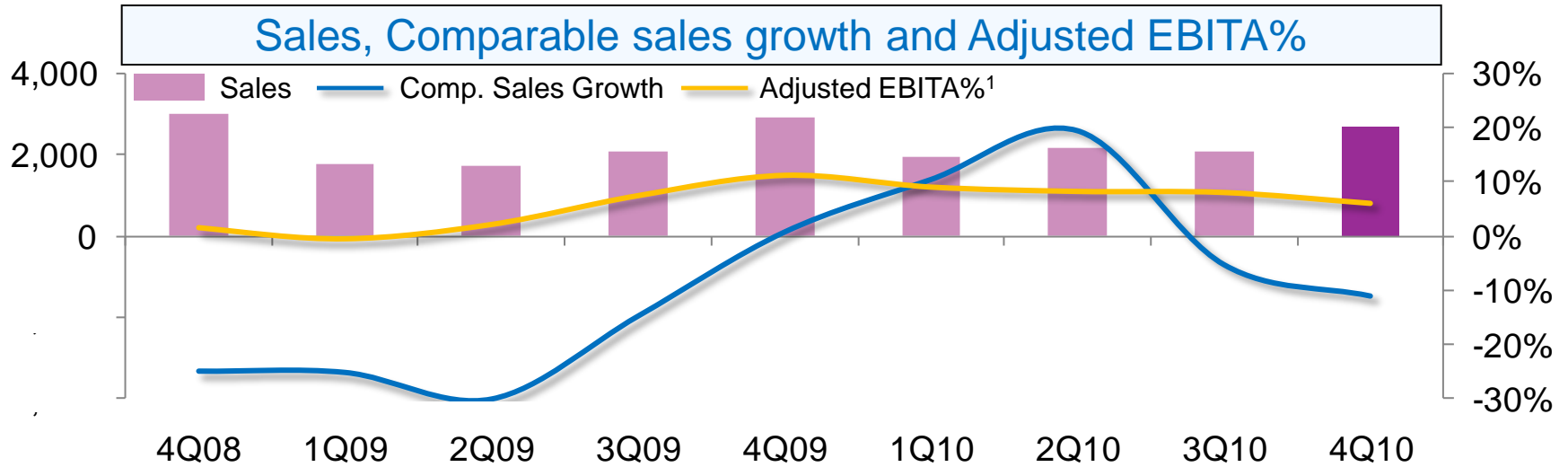
Billion negative NOC
for TV end 2010

¹ 2010 split

² Other category (4%) is mainly license income and is omitted from this overview

Consumer Lifestyle: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 80)

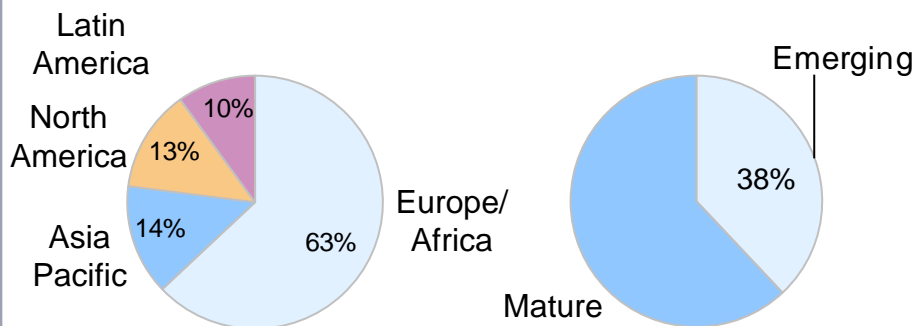
Consumer Lifestyle: Q4 2010 Sector analysis

EUR million

Key figures

	4Q09	4Q10	FY2010
Sales	2,903	2,687	8,906
<i>% sales growth comp.</i>	1	(11)	1
EBITA	266	151	639
<i>EBITA as % of sales</i>	9.2	5.6	7.2
EBIT	260	137	595
<i>EBIT as % of sales</i>	9.0	5.1	6.7
NOC	625	911	911
Employees (FTEs)	18,389	17,706	17,706

Sales per region 4Q10 Emerging markets



Financial performance

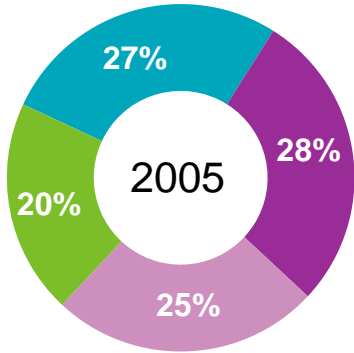
- Philips substantially increased its advertising and promotion spending to drive growth, in particular in its Health & Wellness and Personal Care businesses, resulting in high single-digit growth in these businesses. Focus products included the recently launched SensoTouch 3D electric shaver, the Sonicare toothbrush and the Lumea hair removal system.
- This sales growth was more than offset by declines in other businesses. Excluding Television, comparable sales declined 6%, impacted by a different seasonality in license revenue and lower sales at Audio & Video Multimedia and Accessories.
- Television sales were down EUR 179 million in challenging market circumstances, with strong promotion and price competition as well as declining sales in China following a delay in the implementation of the brand license agreement.
- EBITA was EUR 115 million below Q4 2009, mainly impacted by lower earnings at Television, revenue decline and a different seasonality in license income, resulting in EUR 31 million lower license income compared to last year.
- Net operating capital increased year-on-year, attributable to Television and an increase in assets following the acquisition of Discus Holdings.

Looking ahead

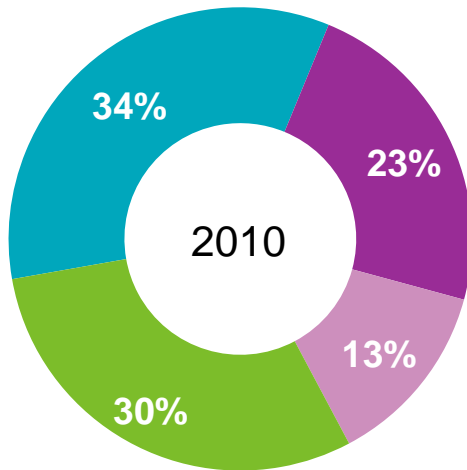
- License revenues in the first quarter are expected to be around EUR 50 million below Q1 2010.
- Actions to reduce TV inventories in the channel are expected to be completed in Q1 2011.

Television within Philips

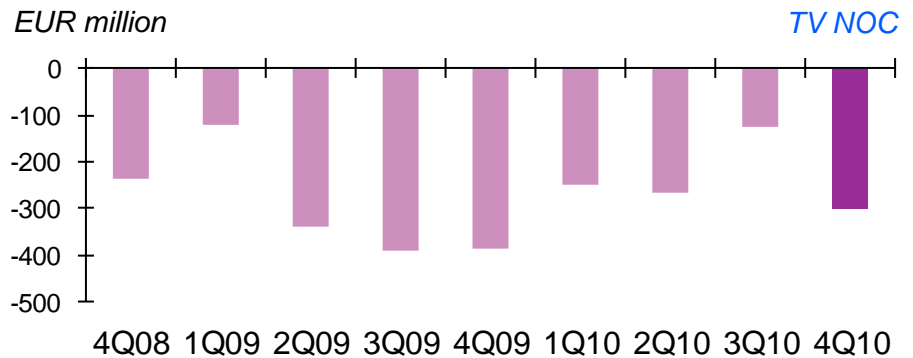
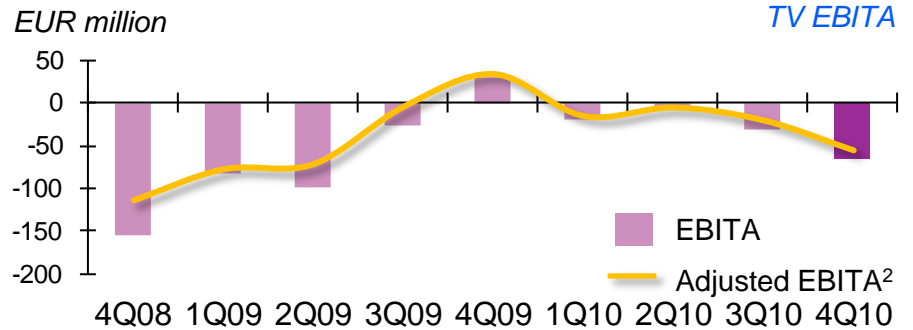
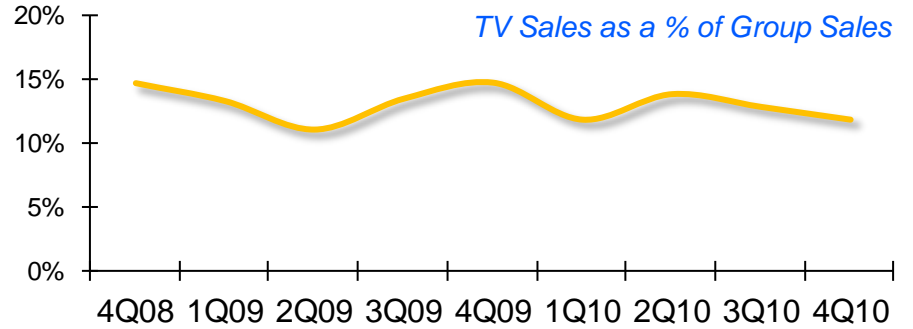
Total sales EUR 23.7 billion¹



Total sales EUR 25.1 billion¹



- Healthcare
- CL excluding TV
- Television
- Lighting



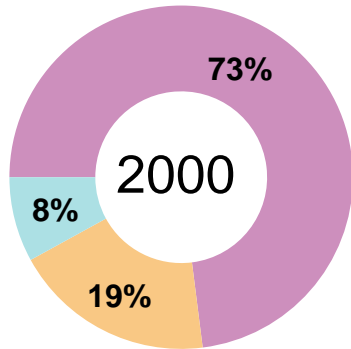
¹ Sales in sectors which are still in portfolio, excluding central sector (GM&S)

² Adjusted EBITA is EBITA corrected for restructuring charges (details on slide 80)

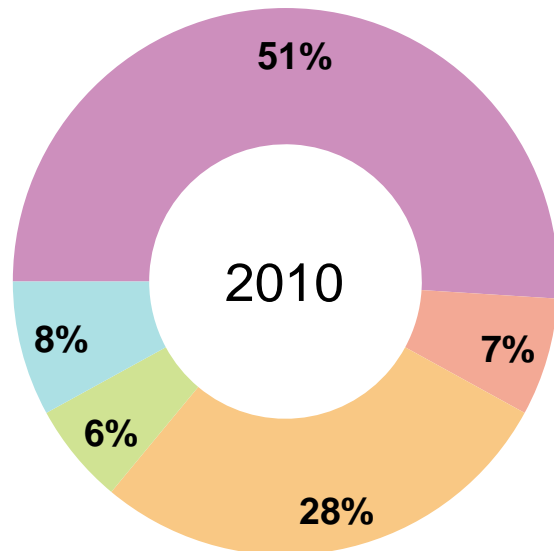
The power of Lighting

Simply enhancing life with light

Total sales EUR 4.9 billion¹



Total sales EUR 7.6 billion



- Lamps & lighting electronics
- Professional luminaires
- Consumer luminaires
- Automotive
- Packaged LEDs

Target margin 2010: 12-14%

¹ Excluding batteries EUR 0.2 billion



Uniquely positioned for continued growth in Lighting

Prioritization across our portfolio

Current NPS leadership positions¹

					
<i>Regional</i> Consumer Luminaires	<i>Global</i> Professional Luminaires	<i>Global</i> Lamps	<i>Regional</i> Automotive Lighting	<i>Global</i> High Power LEDs	<i>Global</i> Lighting Electronics



	Manage for cash	Optimize position	Drive growth	Invest for longer term growth
Lighting		<ul style="list-style-type: none"> Automotive Conventional lamps 	<ul style="list-style-type: none"> LED lamps Professional Luminaires Consumer Luminaires 	<ul style="list-style-type: none"> Smart Lighting Solutions Service extensions

¹ (Co)Leadership is defined as outperforming (>5%) or on par with best competitor, globally or regionally

Lighting opportunities

Global trends

- Ongoing urbanization and globalization
- Increasing need for energy efficient solutions
- Fast growing global illumination market, partly driven by expanding renovation market
- Rapid adoption of LED-based lighting solutions worldwide

Priorities

- Launch new professional solutions with specific emphasis on being a leader in professional outdoor lighting solutions
- Substantially grow home lighting solutions business for consumers
- Develop and market new forms of versatile and energy efficient LED innovations
- Maximize the profitability of our conventional lighting business



We increase our focus towards the people we serve

Further strengthening our global leadership in Lighting



€7.6
Billion sales
in 2010

53,000+
People employed
worldwide in 60 countries

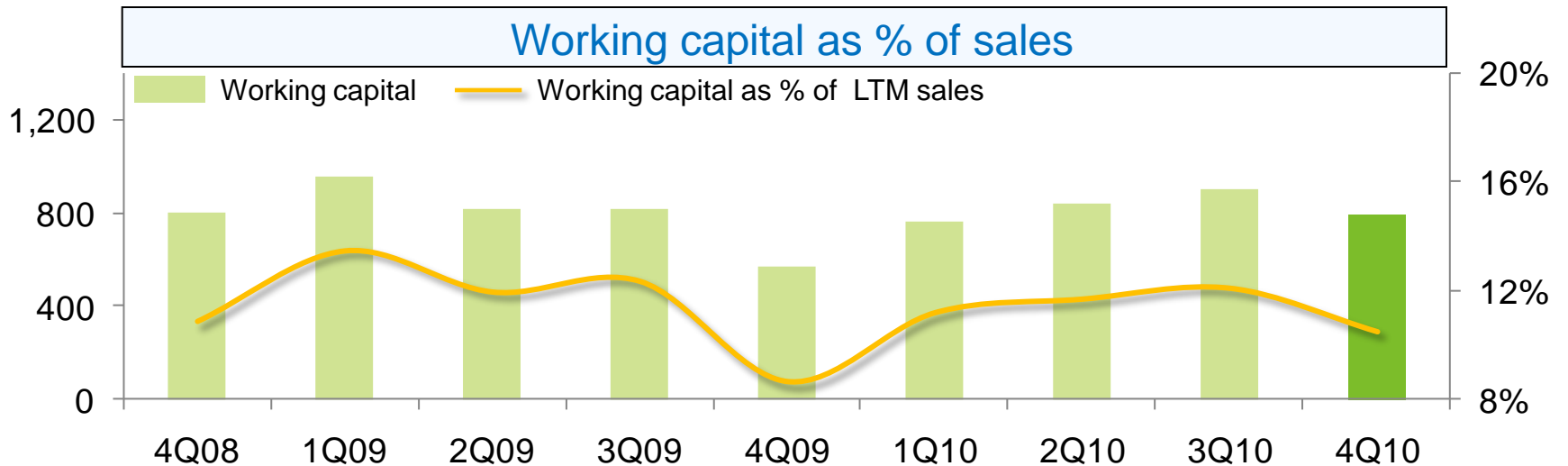
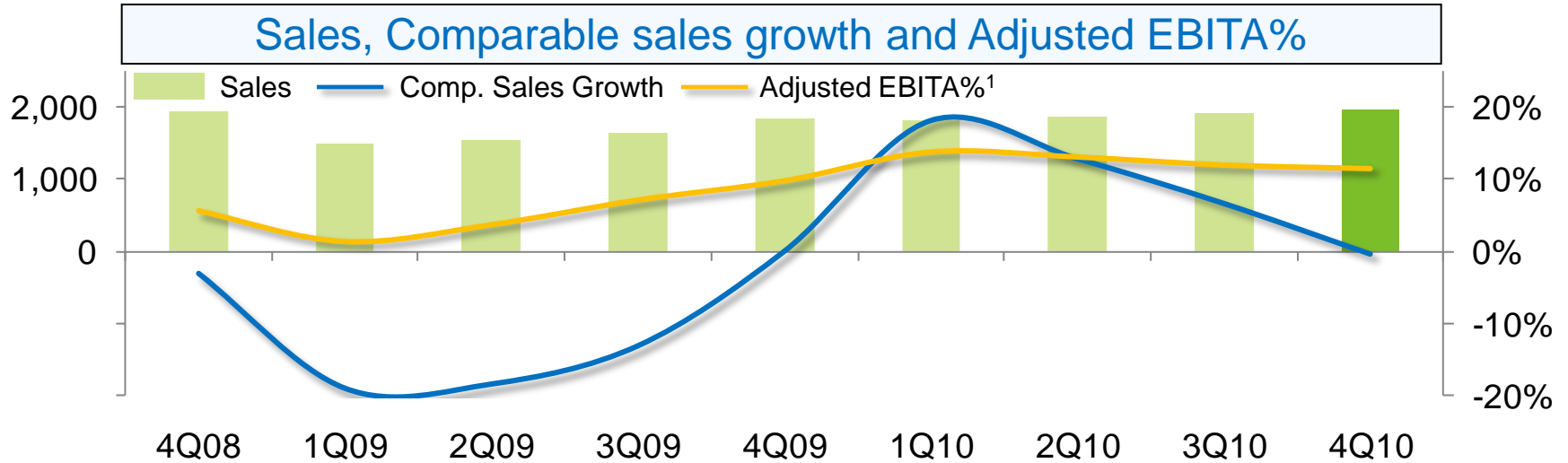
5%
of sales invested
in R&D in 2010

80,000+
Products & services
offered in 2010

¹ Indicative split

Lighting: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 80)

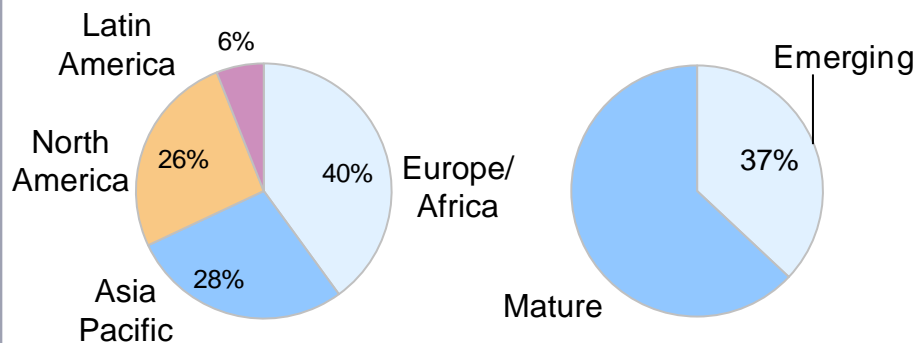
Lighting: Q4 2010 Sector analysis

EUR million

Key figures

	4Q09	4Q10	FY2010
Sales	1,846	1,975	7,552
<i>% sales growth comp.</i>	-	-	9
EBITA	82	198	869
<i>EBITA as % of sales</i>	4.4	10.0	11.5
EBIT	41	156	695
<i>EBIT as % of sales</i>	2.2	7.9	9.2
NOC	5,104	5,561	5,561
Employees (FTEs)	51,653	53,888	53,888

Sales per region 4Q10 Emerging markets



Financial performance

- Nominal sales grew 7% compared with Q4 2009. Comparable sales were in line with Q4 2009; robust sales growth in LED and Lighting Systems & Controls was offset by a sales decline in our consumer businesses. From a geographic perspective, sales growth in North America and emerging markets, India in particular, was offset by a sales decline in Western Europe.
- LED-based sales grew 37% compared to Q4 2009, representing 14% of total Lighting sales.
- EBITA more than doubled to EUR 198 million. Excluding restructuring and acquisition-related charges of EUR 34 million (Q4 2009: EUR 103 million), EBITA amounted to EUR 232 million, or 11.7% of sales. The substantial year-on-year EBITA improvement was largely driven by a favorable product mix and ongoing cost management.
- Net operating capital increased by EUR 457 million to EUR 5,561 million, mainly due to currency impact and an increase in working capital.

Looking ahead

- In Jan. 2011, Philips has acquired NA based Optimum Lighting LLC, a company specialized in customized energy-efficient lighting solutions for the office, industry and retail segments. This acquisition strengthens our global leadership position in professional luminaires.

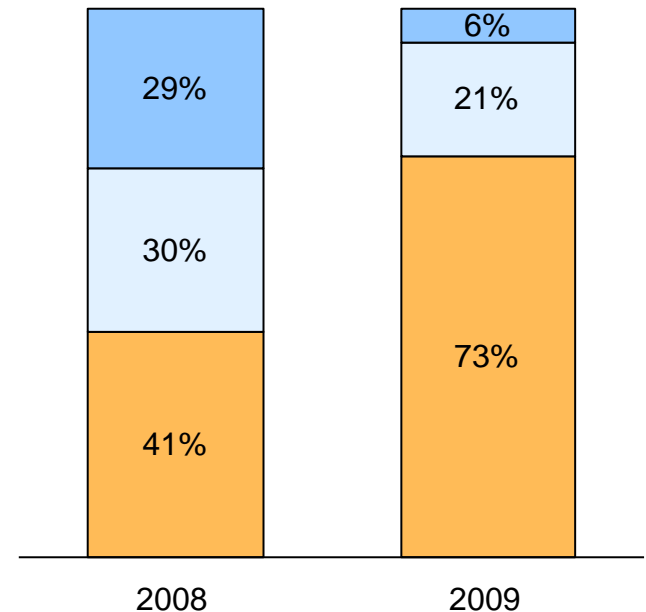
We are the leading global lighting company

Market leadership across most categories
Market share per Business Group by Region,
as at Jun '10

	Europe	North America	Latin America	Asia/Pacific ¹	Total
Lamps	Green	Yellow	Green	Green	Green
Consumer Luminaires	Green	Red	Red	Red	Green
Professional Luminaires	Green	Yellow	Yellow	Green	Green
Lighting Electronics	Green	Green	Green	Green	Green
Automotive	Green	Yellow	Green	Green	Green
Packaged LEDs	Yellow	Yellow	Yellow	Yellow	Yellow
Overall Lighting	Green	Green	Green	Green	Green

■ Number 1
 ■ Number 2 or 3
 ■ Not in top 3

Increased customer loyalty
Net Promoter Score (NPS) in 2008, 2009



■ Not leader
 ■ Co-leader
 ■ Leader

¹ Excluding Japan
Source: Customer panels and Industry associations

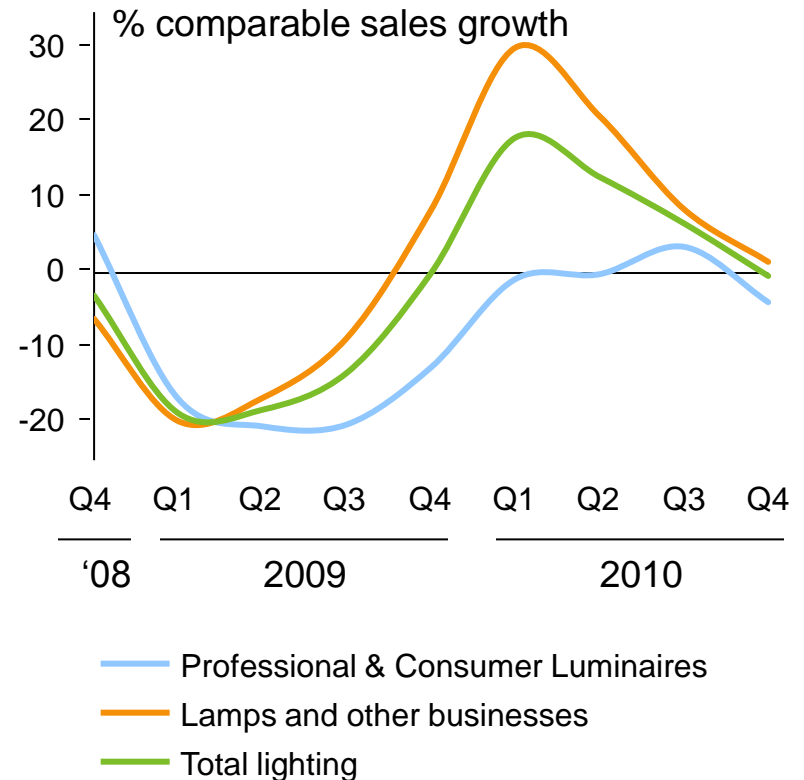
Sales recovery despite current weakness in the luminaires (fixtures) market in mature economies

Around 25% of Philips Lighting sales driven by New Build in Western Europe & North America (WE&NA)

Philips Lighting	New Build	Replacement	Total
Residential	12%	13%	25%
Commercial	30%	22%	52%
Other	17%	6%	23%
Total	59%	41%	100%

New Build	WE&NA	ROW	Total
Residential	7%	5%	12%
Commercial	18%	12%	30%
Total	25%	17%	42%

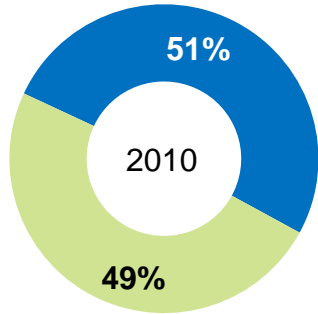
Not yet firing on all cylinders: sales recovery despite soft luminaires market in mature economies



LED lighting

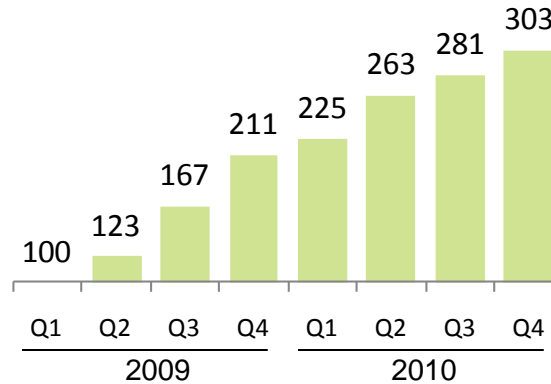
Exponential growth

Total sales EUR 1.0 billion



■ Packaged LEDs
■ LED Lamps and Luminaires

Growth LED Lighting¹



The move to LED will increasingly drive growth in the general lighting market in the years ahead, notably in luminaires. LED also offers an opportunity to create additional value across the innovation chain.

Philips is the broadest player in both light sources and solutions offering LED lamps, LED luminaire solutions as well as a LED licensing program. Philips is currently the world's largest high power LED company. Leading company in illumination segments, leader in consumer mobile phone camera flash and automotive LED signaling.

LED sales as a percentage of Lighting sales were 13% over the last twelve months.

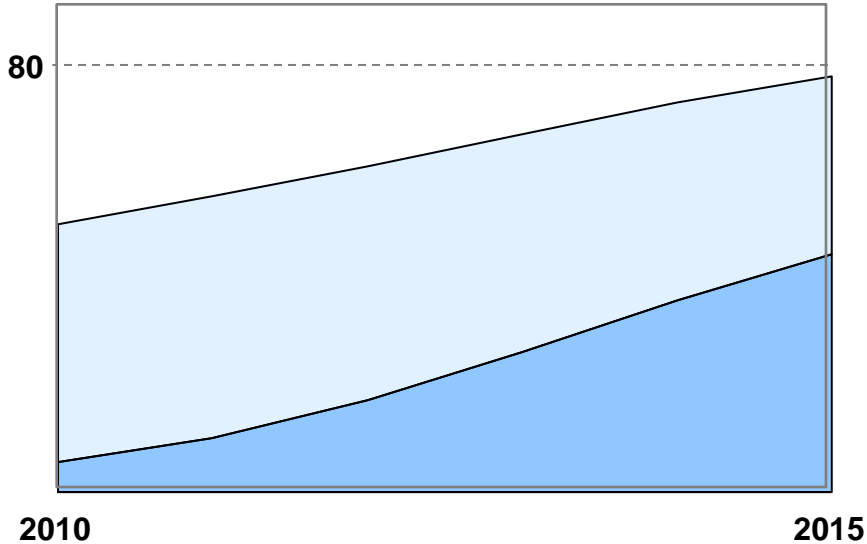
¹ Indexed Growth, base Q1 2009 = 100



The general illumination market offers major growth opportunities

Global illumination market

€ Bln



□ Conventional lighting
■ LED lighting

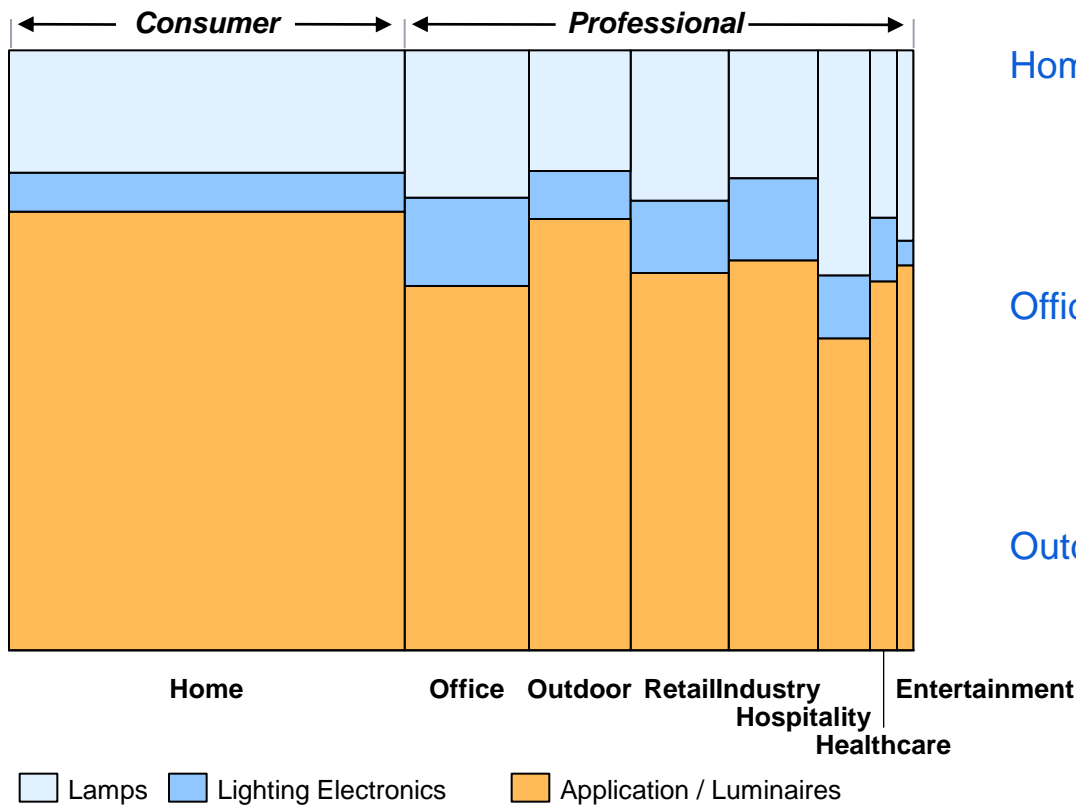
CAGR of 7-9%,
assuming
nominal GDP
growth of ~4%

Market overview

- The global lighting market is expected to grow at a CAGR of around 7-9% during 2010-15, to around EUR 80 Billion
- Growth in global illumination market is driven by the LED revolution with rapid adoption of LED-based lighting solutions
- Conventional lighting continues to be a large part of the market

Home, Office, and Outdoor are the biggest segments Professional is the largest channel

Total market size in 2010¹: 50-55 B€



Biggest segments

Home



Office



Outdoor



¹ General illumination (excludes Automotive)
Source: Philips Lighting global market study 2009, updated for 2010

Group Management & Services

Adding value to the businesses

Corporate Technologies

Philips Corporate Technologies encompasses Corporate Research and Intellectual Property & Standards (IP&S)

Corporate & Regional Costs

Corporate center and country & regional overheads

Pensions

Pension and other postretirement benefit costs mostly related to former Philips' employees

Service Units and Other

Global service units; Shared service centers; Corporate Investments, New venture integration and Philips Design



Sector analysis Q4 – Group Management & Services

EUR million

Key figures

	4Q09	4Q10	FY2010
Sales	109	88	360
<i>% sales growth comp.</i>	<i>(11)</i>	<i>(20)</i>	<i>6</i>
EBITA:			
Corporate Technologies	(34)	(25)	(63)
Corporate & Regional Costs	(65)	(44)	(142)
Pensions	51	91	100
Service Units and Other	(90)	(20)	(37)
<hr/>			
EBITA	(138)	2	(142)
EBIT	(138)	3	(147)
NOC	(1,514)	(3,308)	(3,308)
Employees (FTEs)	11,586	11,928	11,928

Financial performance

- Sales declined from EUR 109 million in Q4 2009 to EUR 88 million, largely due to lower license revenue.
- EBITA amounted to EUR 2 million (income), a EUR 140 million improvement year-on-year.
- EBITA was favorably impacted by a EUR 83 million pension plan change, partly offset by EUR 5 million restructuring charges. Excluding these items, EBITA amounted to an expense of EUR 76 million.
- In Q4 2009, EBITA included the favorable impact of a EUR 44 million release of a postretirement benefit provision, offset by EUR 46 million of asset write-offs, including EUR 26 million for Corporate Investments. In Q4 2009 earnings also included EUR 36 million restructuring charges, mainly at Corporate Investments, Research and Design.

Looking ahead

- The cost level of GM&S is expected to be around EUR 280 million for the full year 2011.
- Philips will receive a total of 28 prestigious iF product design awards in 2011.
- Eight Philips projects will receive a “Good Design 2010” award, organized by The Chicago Athenaeum Museum of Architecture and Design and The European Centre for Architecture Art Design and Urban Studies.

PHILIPS

sense and simplicity

Appendix

Development cost capitalization & amortization by sector

EUR million

	Capitalization		Amortization	
	Q4 2009	Q4 2010	Q4 2009	Q4 2010
Healthcare	18	35	15	18
Consumer Lifestyle	19	14	19	17
Lighting	19	14	12	8
GM&S	2	2	-	-
Group	58	65	46	43

Fixed assets expenditures & Depreciation by sector¹

EUR million

	Gross CapEx		Depreciation	
	Q4 2009	Q4 2010	Q4 2009	Q4 2010
Healthcare	42	41	58	46
Consumer Lifestyle	34	34	40	44
Lighting	50	83	99	69
GM&S	25	18	37	32
Group	151	176	234	191

¹ Excluding software related capital expenditures and depreciation

Fixed assets expenditures & Depreciation by sector¹

EUR million

	Gross CapEx		Depreciation	
	2009	2010	2009	2010
Healthcare	164	179	187	183
Consumer Lifestyle	137	148	145	147
Lighting	165	273	311	256
GM&S	58	53	103	92
Group	524	653	746	678

¹ Excluding software related capital expenditures and depreciation

Restructuring, acquisition-related and other charges

EUR million

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Acq.-related charges	(15)	(14)	(17)	(18)	(64)	(9)	(8)	(9)	(3)	(29)
Restructuring		(10)	(23)	(10)	(42)	(20)	(38)	3	7	(48)
Other Incidentals					-					-
Healthcare	(15)	(24)	(40)	(27)	(106)	(29)	(46)	(6)	4	(77)
Acq.-related charges			(6)	(10)	(16)	(3)	(3)	(7)	(6)	(19)
Restructuring	(13)	(30)	(23)	(54)	(120)	(10)	(7)	(16)	(9)	(42)
<i>of which TV</i>	(6)	(29)	(23)	(5)	(63)	(4)	(3)	(11)	(12)	(30)
Other Incidentals	(30)	(17)		(1)	(48)					
Consumer Lifestyle	(43)	(47)	(29)	(65)	(184)	(13)	(10)	(23)	(15)	(61)
Acq.-related charges	(3)	(4)	(6)	(8)	(21)	(4)	(5)	(6)	(8)	(23)
Restructuring	(16)	(78)	(36)	(95)	(225)	(5)	(32)	(11)	(26)	(74)
Other Incidentals					-					-
Lighting	(19)	(82)	(42)	(103)	(246)	(9)	(37)	(17)	(33)	(97)
Restructuring		(12)	(14)	(36)	(63)	1		6	(5)	2
Other Incidentals		90	87	(2)	175			36	83	119
GM&S	-	78	73	(38)	112	1	-	42	77	121
Grand Total	(77)	(76)	(38)	(233)	(424)	(50)	(93)	(4)	33	(114)

Restructuring benefits 2009 and 2010

EUR million

Our restructuring plans announced since 2008 lead to a reduction in our 2010 fixed cost base of EUR 741 million compared to the run rate in 2008. The overview below provides the 2009 and 2010 realized benefits per quarter compared to 2008 baseline.

	Benefit <i>compared to 2008 baseline</i>									
	1Q09	2Q09	3Q09	4Q09	FY 2009	1Q10	2Q10	3Q10	4Q10	FY 2010
Healthcare	17	23	28	37	105	39	46	53	55	193
Consumer Lifestyle	32	38	61	69	200	69	70	70	85	294
Lighting	10	15	25	32	82	41	52	59	65	217
GM&S	5	5	6	15	31	9	10	9	9	37
TOTAL	64	81	120	153	418	158	178	191	214	741

Accounting calendar changes

Number of working days in Philips Calendar

	Q1	Q2	Q3	Q4
2009	61	61	65	68
2010	65	61	65	65
2011	65	62	65	64

- Change in Philips calendar between 2009 and 2010 had major impact on quarterly distribution of working days in 2010
- Due to uneven number of days in 2010 (compared to 2009), quarterly distribution of sales was significantly distorted
- As a result, reported quarterly comparable sales growth in Q2 2010 was positively impacted while growth in Q4 2010 was negatively impacted

Q4 2010 comparable growth negatively impacted by approximately -4%

